






**FORM A****Format of covering letter of the annual audit report to be filed with the Stock Exchanges**

1	Name of the company	NATIONAL FERTILIZERS LIMITED
2	Annual financial statements for the year ended	31 st March, 2015
3	Type of Audit observation	Un-Qualified
4	Frequency of observation	Not Applicable
5	To be signed by – <ul style="list-style-type: none">Chairman & Managing DirectorDirector Finance (Chief Financial Officer)Auditor of the CompanyAudit Committee Chairman	<p>For NATIONAL FERTILIZERS LIMITED</p> <p> Manoj Mishra Chairman & Managing Director DIN 06408953</p> <p>For NATIONAL FERTILIZERS LIMITED</p> <p> Rajiv Kumar Chandiok Director Finance (Chief Financial Officer) DIN 05146544</p> <p>For M. L. PURI & COMPANY CHARTERED ACCOUNTANTS</p> <p> Navin Bansal M. No. 091922</p> <p>For CHANDIOK AND GULANI CHARTERED ACCOUNTANTS</p> <p> V. K. Lalla M. No. 080847</p> <p>For NATIONAL FERTILIZERS LIMITED</p> <p> Gurinderjit Singh Sandhu Audit Committee Chairman DIN 01790828</p>

Maintaining the Leadership Momentum



नेशनल फर्टिलाइज़र्स लिमिटेड

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NATIONAL FERTILIZERS LIMITED

41st

ANNUAL REPORT

2014-2015



OUR MISSION

NFL's mission to be a market leader in fertilizers and a significant player in all its other business, reputed for customer satisfaction, reasonable reward to shareholders, ethics, professionalism and concern for ecology & the community



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Management Team

BOARD LEVEL

Shri Manoj Mishra

Chairman & Managing Director

Capt. Pavan Kumar Kaul

Director (Marketing)

Shri M. Sagar Mathews

Director (Technical)

Shri Rajiv Kumar Chandiok

Director (Finance)

CORPORATE HEADS (S/Shri)

Vigilance

Dr. Harish C. Singh (IPS)

Chief Vigilance Officer

Law

A. K. Asija

Chief General Manager

Human Resource

D. P. Singh

General Manager I/c

Technical & Project

R. K. Chopra

General Manager I/c

F & A and Internal Audit

Sunil Bhatia

General Manager I/c

Materials

J. P. Sachdeva

General Manager

Marketing

Subodh Gawande

General Manager

N. K. Sharma

General Manager

Rajan Gupta

General Manager

Ramagundam, AFCP, Vijaipur Project

Pramod Kumar

General Manager

Human Resource

M. K. Agarwal

General Manager

Company Secretariat

Raj Kumar

Company Secretary

UNIT HEADS (S/Shri)

K. K. Chaturvedi

CGM, Nangal Unit

A. K. Lahiri

GM I/c, Vijaipur Unit

S. K. Jindal

CGM, Panipat Unit

D. S. Ahuja

GM I/c, Bathinda Unit

AUDITORS

M/s M. L. Puri & Company,
Chartered Accountants,
New Delhi

M/s Chandiok and Guliani
Chartered Accountants,
New Delhi

REGISTRAR & TRANSFER AGENTS

MAS Services Limited
T-34, IInd Floor,
Okhla Industrial Area -II,
New Delhi -110020

Board of Directors



Shri Manoj Mishra
Chairman & Managing Director



Capt. Pavan Kumar Kaul
Director (Marketing)



Shri M. Sagar Mathews
Director (Technical)



Shri Rajiv Kumar Chandiok
Director (Finance)



Shri Rajiv Yadav
Special Secretary &
Financial Advisor, DoF



Shri Vikram Srivastava
Independent Director



Shri Gurinderjit Singh Sandhu
Independent Director



Shri M. Raman
Independent Director



Shri Rakesh Kumar
Dy. Secretary, DoF



Vijaipur Unit received Best Technical Innovation Award from FAI in Annual Seminar-2014



Panipat Unit received Rajbhasha Shield (Second Award) from Ministry of Home Affairs for best work in Hindi Language



Panipat Unit received Shrestha Suraksha Puraskar from National Safety Council of India



Bathinda Unit received Punjab State Safety Award (First) from Labour Dept., Govt. of Punjab



Bathinda Unit received Suraksha Puraskar-2014 (Second Award) from National Safety Council of

Chairman's Message



Dear Shareholders,

I am happy to share with you that despite challenges, your Company has performed well during the financial year 2014-15. Among other achievements, the Company has achieved best ever Urea Production of 36.39 lakh MT and best ever Neem Coated Urea Production of 13.65 Lakh MT. The company has turned around during 2014-15 and has registered a profit after a gap of two years.

Before deliberating on the performance, I would like to briefly talk about the state of economy and in particular fertilizers scenario during 2014-15.

Economic Scenario & Fertilizer Industry

The last year has been a good one for the Indian economy with a sea change in the macroeconomic parameters. At a time when concerns have been raised about global growth prospects, India has emerged among a few large economies with propitious economic outlook. As the GDP growth is expected to be 7.4%, there has been a lot of positivity built around the India growth story and India seems to be poised to enjoy another spurt in growth.

The growth of Indian economy underlines the importance of improving the agriculture productivity to meet the growing demand for food to provide food security to the entire nation. The role of chemicals fertilizers in making the country self-reliant in food grain production shall remain important in boosting agricultural production and productivity.

The Government has recently announced various policies to set up new Urea plants, maximize production from the existing capacities, manufacture of fortified fertilizers, and optimization of energy consumption of the plants.

Performance Highlights

Operating in a challenging environment, your Company performed well in the year 2014-15. The Company has achieved highest ever annual production of 36.39 Lakh MT of urea with a capacity utilization of 102%. This also includes record production of Neem Coated urea of 13.65 lakh MT which is 37.51% of total urea production. The Company has also excelled on marketing front by selling 36.79 lakh MT of urea. Your Company is the second largest domestic producer of Urea with market share of 16%.

The Company achieved highest ever turnover of ₹8519.69 crore during the year. After having losses continuously for two years, the Company has been able to register the profit before tax of ₹44.72 crore.

During the year 2014-15, energy consumption at all the Units was within norms and was also lower than that achieved in the Cumulative Period Last Year. Vijapur-I achieved ever-best energy consumption of 5.75 Gcal/MT urea. In order to further reduce energy consumption at Vijapur-II, installation of Purge Gas Recovery Plant in Ammonia Plant has been undertaken. Preventive maintenance practices have been adopted for reducing the down time leading to improved energy consumption.

Manpower

The Company considers its Human Resource as its most important asset and makes sustained efforts for the development of its manpower. The Company has a manpower strength of 3798 employees as on 31.3.2015, which comprises of 1771 Executives and 2027 Non-Executives. The company is currently getting geared up for a major recruitment drive to address the serious problem of manpower scarcity arising out of superannuation of many experienced technical and other professionals.

To improve skills and to instill behavioral and personality development traits in all supervisory staff and managerial cadre, Company organized a number of training programmes (in-house as well as external) on contemporary subjects during the year. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. In these diverse programmes, 11560 man-days training

was imparted to employees. The Company organized specially designed training programmes for development of women employees in various areas of expertise.

Services to Farmers

To encourage balanced and efficient use of fertilizers by farmers, your Company is playing a catalytic role in transfer of improved farm technology to them through a variety of educational programmes, field demonstrations, Kisan Melas, crop seminars and farmers study tours. Farmers are provided free Mobile Soil Testing Service at their doorsteps and they are encouraged to use fertilizers based on soil test recommendations to maximize output.

During the year, your Company organized 51 farmer training programs, carried out 330 demonstrations and participated in 32 Krishi melas organized by leading Agriculture Universities. Company's soil testing laboratory was upgraded for testing of micro-nutrients also. More than 39,000 soil samples for macro-nutrients and more than 2,000 samples for micro-nutrients were analyzed and recommendations given to the farmers. Your company also successfully implemented Mobile based Fertilizer Monitoring System (mFMS) introduced by Department of Fertilizers for tracking the movement of fertilizers from the Plant/Port to the farm gate.

CSR Activities

Your Company is operating its business in a socially responsible manner by considering the wider interests of the community and environment. The Company has formed a Committee of Directors to guide the CSR activities.

The core areas identified were construction of girl's toilets in schools, soil testing and solar lights in remote villages.

Sustainable Development

Your Company has taken various initiatives in adopting best practices in environment management and energy conservation which lead to Sustainable Development. With an effort to reduce consumption of fossil fuel, efficiency of Coal fired Boilers in Nangal, Bathinda and Panipat units is being improved by using various techniques such as use of Coal additives.

The company has adopted afforestation in all the units to improve the environment surrounding the units. A total of 15652 tree saplings were planted in and around various units for sustainability of future generation.

Your Company is committed to promote ecologically sustainable growth by generating green power through Solar Power Plant and has installed 90 KW Solar Power Plant in Bathinda unit and 100 KW Solar Power Plant in Corporate Office, Noida.

Information Technology

The Company is making use of information technology in various business functions. The Company is in the process of implementing ERP to seamlessly integrate all functional areas across the company for speedy & accurate decision making. This will also bring in further transparency in all functions of the company. Further, the Company is setting up Video conferencing facility amongst Corporate Office & Plants for conducting video conferencing meetings and knowledge sharing. This will help in faster communication within organisation resulting in reduction in costs and time. The company also plans to introduce video conferencing based seminars from single point for employees. Across Company, e-procurement, e-payment and e-receipt facilities are in use extensively, which has brought about efficiency and transparency in the business system.

Awards & Accolades

I am happy to share with you that your Company has received number of prestigious awards during the year in the area of Safety, Technical Innovation and Energy Conservation. To mention a few, the Bathinda and Panipat units have won a number of safety awards during the year from State and National Safety Councils. Bathinda Unit received First Prize for "Largest reduction in accident frequency rate in chemical industry for more than 5 lac man hours" from Punjab Industrial Safety Council (PISC). Vijaipur Unit received "FAI Best Technical Innovation Runner Up Award-2014". Further, Panipat Unit received First prize "National Energy Conservation Award-2014" in Fertilizer sector from Bureau of Energy Efficiency (BEE), Ministry of Power. Nangal Unit received "Skoch Renaissance Award-2014" for Ammonia Feedstock Changeover Project (AFCP) as the best project in the country.

Creating Drivers of growth

Your company is leveraging opportunities of an emerging economy that best matched its proven competencies. Towards this path, your company has formed a Joint Venture Company "Ramagundam Fertilizers & Chemicals Limited" with Engineers India Limited (EIL) and Fertilizer Corporation of India (FCIL) for setting up new state of the art gas based 2200 MTPD Ammonia plant and 3850 MTPD Urea plant at Ramagundam. Detailed feasibility report for a Capex of ₹5254 crore has been submitted to Deptt. of Fertilizers in this regard. The project is envisaged to be commissioned in the year 2018-19.

Keeping in view the demand for Bentonite Sulphur, the company is planning to put a Bentonite Sulphur Plant at Panipat.

To meet the growing demand of Water Soluble Fertilizer in the country, The Company is in the process of producing Water soluble fertilizers at Nangal Unit. The production shall, subsequently, be increased in future.

To explore the possibility of production of MoP in the country as a step towards Make in India, your Company is planning to install MoP plant by recovering potash from salt in the little Rann of Kutch. It will help in small substitution of imported MoP resulting in saving of foreign exchange.

In addition to above, your Company has taken various initiatives for energy conservation such as include Purge Gas Recovery (PGR) Plant at Vijaipur-II at an investment of ₹ 29 crore.

Acknowledgements

On behalf of the Board of Directors, I extend sincere gratitude to our esteemed shareholders for their continuing confidence and support. I also wish to express my thanks to the Department of Fertilizers, Fertilizer Industry Coordination Committee (FICC), Railways, other Ministries and Departments of the Government of India and the various State Governments for their valuable guidance and look forward to their continued support.

I would like to thank Statutory, Cost and Government Auditors, Banks, Regulatory Authorities for their guidance and support. I sincerely thank all our customers and business associates for their continued support. I would like to thank all our employees for their commitment, hard work and contribution to the Company's performance.

Before I conclude, I would like to take this opportunity to thank my colleagues on the Board for their counsel, involvement and commitment in achieving the objectives of the Company.

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 12th August, 2015

(Manoj Mishra)

Chairman & Managing Director
DIN: 06408953

Performance at a Glance

Financial Highlights

(₹ in crore)

Particulars	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Sales (Gross)	2092	1995	1727	1978	1886	1704	1697	1640	1664	1647
Subsidy	6461	6048	5020	5363	3918	3396	3444	2518	2217	1957
TURNOVER (Gross) (incl. Subsidy)	8553	8043	6747	7341	5804	5100	5141	4158	3881	3604
Earnings before depreciation, interest and tax (EBDITA)	419	172	17	342	302	365	293	262	387	312
Interest and Finance Charges	301	204	130	67	9	11	41	17	17	8
Depreciation	73	129	118	91	89	94	96	89	106	125
Profit/(Loss) before Tax	45	-161	-231	184	204	260	156	156	264	179
Profit/(Loss) after Tax	26	-90	-171	127	139	172	97	109	176	116
Gross Fixed assets	7227	7182	5717	2958	2930	2924	2906	2925	2903	2897
Net Fixed Assets	4443	4682	3501	550	599	666	734	809	871	963
Current Assets, Loans and Advances	7311	6743	4285	3206	2244	2082	1524	1443	1693	1272
Current Liabilities and Provisions	6777	6041	1430	1600	998	794	885	816	692	553
Working Capital	534	702	2855	1606	1246	1288	639	627	1001	719
Borrowings	7645	7558	5615	2985	613	403	265	525	327	227
Net Worth	1481	1494	1584	1754	1672	1582	1471	1408	1371	1256
Capital Employed (Net Fixed Assets + Working Capital)	4977	5384	6356	2156	1845	1954	1373	1436	1872	1682
Production (Urea) (Lakh MT)	36.39	36.36	32.11	34.01	33.80	33.30	33.44	32.68	33.51	33.44
Capacity Utilisation (Urea) (%)	101.99	101.92	91.94	105.3	104.6	103.1	103.5	101.1	103.7	103.5
Sales (Urea) (Lakh MT)	36.79	36.87	31.62	33.89	33.59	33.78	33.77	32.38	33.54	33.63
Employees (Nos.)	3798	4068	4291	4515	4699	4760	4868	4910	4736	4862

Key Indicators

EBDITA/ Turnover (%)	4.90	2.14	0.25	4.66	5.20	7.16	5.70	6.30	9.97	8.66
Return on Net Worth (%)	1.77	-	-	7.24	8.31	10.87	6.59	7.74	12.84	9.24
Return on Capital Employed (%)	0.53	-	-	5.88	7.51	8.78	7.10	7.56	9.41	6.92
Earning per Share of ₹10 (₹)	0.53	-	-	2.58	2.82	3.50	1.99	2.21	3.59	2.37
Debt/Equity	#3.65	#3.06 : 1	#2.47 : 1	1.70 : 1	0.37 : 1	0.25 : 1	0.18 : 1	0.37 : 1	0.24 : 1	0.18 : 1
Current Ratio	1.08 : 1	1.12 : 1	3.00 : 1	2.00 : 1	2.25 : 1	2.62 : 1	1.72 : 1	1.76 : 1	2.45 : 1	2.30 : 1
Value Added per Employee (₹. In Lakhs)	39	32	24	26	23	23	20	19	19	17
Dividend (₹. In Crores)	8.34	-	-	38.27	41.70	51.51	29.43	32.60	52.83	40.74
Dividend as % of Equity	1.70	-	-	7.80	8.50	10.50	6.00	6.65	10.77	8.30

Debt - Equity ratio includes debts of ₹3850 crores borrowed by company for Feed Stock Conversion Project from 'LSHS/FO' to Gas at Nangal, Bathinda and Panipat Unit which under the GoI Policy will be reimbursed to the Company as Capital Subsidy.

Board Report

To,

Dear Members,

On behalf of the Board of Directors of your Company, I have the pleasure in presenting the 41st Annual Report on the business and operations of the Company together with the Audited Financial Statements for the Financial Year 2014-2015 and the Auditors' Report and comments on the accounts by the Comptroller & Auditor General of India (C&AG).

I am glad to share with all of you that your Company has turned around and performed well in the year 2014-15. The Company has achieved highest ever annual production of 36.39 Lakh MT of urea with a capacity utilization of 102%. This also includes record production of Neem Coated urea of 13.65 lakh MT, which is 37.51% of total urea production. Company has also excelled on marketing front by selling 36.79 lakh MT urea. These numbers are healthy signs for better future. During the year, Company achieved highest ever turnover of ₹8519.69 crore. After having losses continuously for two years, the Company has been able to register profit before tax of ₹44.72 crore. Your Company is the second largest domestic producer of Urea with a market share of 16%.

In order to augment the domestic urea capacity, the government is working towards the revival of closed fertilizer units. In this direction, National Fertilizers Limited (NFL), Engineers India Limited (EIL) and Fertilizer Corporation of India Limited (FCIL) have formed a joint venture company for settling of new ammonia and urea plants at the existing site of Ramagundam Fertilizer plant in Telangana. The plant having a capacity of 1.27 million tonnes per annum of urea based on natural gas as feedstock is targeted to be completed in 2018. This initiative has been taken to increase the domestic urea manufacturing capacity in the country under the "Make in India" vision of the Prime Minister.

Financial Highlights

During the year under review, the Company achieved turnover of ₹8519.69 crore (previous year ₹8017.03 crore). The earnings before interest, depreciation and tax (EBIDTA) were ₹418.64 crore (previous year ₹171.90 crore). The profit before tax (PBT) was ₹44.72 crore (previous year loss ₹161.16 crore) and the profit after tax was ₹26.24 crore (previous year loss ₹89.71 crore). There is improvement in profitability as compared to previous year mainly as attributed to impact of modified NPS Stage-III policy, increased production and sale of urea and industrial products, receipt of past subsidy arrears, efficient energy consumption, decrease in depreciation charge pursuant to Companies Act 2013 etc. However, the above increase in profitability was partially off-set by decrease in contribution of urea beyond cut-off level at Vijaipur, increase in interest on working capital loans, salary and wages

As per Income Tax Act, the liability under normal provisions of taxation is 'NIL'. Company has tax liability of ₹10.80 crore under Minimum Alternate Tax. Company has been carrying forward business loss of ₹234.34 crore and unabsorbed depreciation of ₹142.05 crore as on 31st March, 2015 available for set-off against future taxable profits. In respect of carried forward unabsorbed depreciation and business losses, Company has recognized deferred tax asset of ₹127.93 crore as on 31st March, 2015.

Reserves

Capital Reserve

The balance as at 31st March 2015 amounted to ₹2.51 crore, which is the same as in the previous year.

Debenture Redemption Reserve

The reduction of ₹7.53 crore is on account of redemption of first installment on Non-Convertible Bonds.

Corporate Social Responsibility Reserve

The reduction of ₹0.22 crore (Net) is on account of amount utilized for CSR expenditure.

General Reserve

An amount of ₹1.62 Crore representing 10% of net profit for the year ended 31st March 2015 was transferred to the General Reserve from the Surplus.

Surplus

The balance retained in the surplus as at 31st March 2015 is ₹ 662.33 Crore after providing for dividend for the year of ₹ 8.34 crore and dividend tax of ₹ 1.70 Crore thereon. The total amount of profits appropriated to dividend including dividend tax was ₹ 11.44 crore.

Dividend

Board has recommended a dividend of 1.70% for the financial year 2014-15 on the paid up capital, amounting to ₹ 8.34 crore for declaration by shareholders.

Foreign Exchange Earnings/Outgo

The foreign exchange earnings by way of trade margins during the year was 'NIL'. The foreign exchange outgo by way of imports and other expenses amounted to ₹17.60 crore.

BORROWINGS:

Long Term

Long term loan as on 31st March, 2015 was ₹ 2642.52 crore, out of which ₹ 1784.90 crore is classified under Long Term Borrowings and balance ₹ 857.62 crore under Other Current Liabilities.

Short Term Loans

Short Term borrowings of ₹ 5002.27 crore (previous year ₹ 4039.19 crore) as on 31st March, 2015 were outstanding.

Debt Equity Ratio

Debt equity ratio as on 31st March, 2015 has increased to 3.65:1 as compared to 3.06:1 of previous year due to higher utilization of working capital and short term loans.

Particulars of Loans given, Investment made, Guarantees given and Securities provided

Particulars of Loans given, Investments made, Guaranties given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are perovided in the notes to the financial statement.

Joint Ventures / Associates Companies

Details of Joint Venture / Associates Companies pursuant to Section 129 (3) of Companies Act, 2013 the statement containing the salient features of the financial statement of associate company / joint venture company is included in the consolidated financial statements as Annexure hereto.

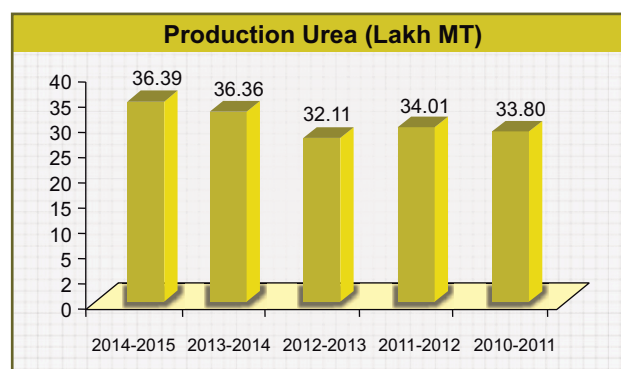
Related Party Disclosures

The particulars of contract/arrangements entered into by the company with related parties referred to in Section 188 (1) of the Company Act, 2013 including arm's length transactions under third proviso there to are disclosed in Form No. AOC-2 as Annexure. Related Party Policy is available at www.nationalfertilizers.com.

Operations

Production

Company during the year achieved ever best urea production of 36.39 lakh MT (101.99% of installed capacity) against 36.36 lakh MT (101.92%) in the previous year. Neem coated urea production of 13.65 Lakh MT (37.51% of total urea production) was also the highest ever.

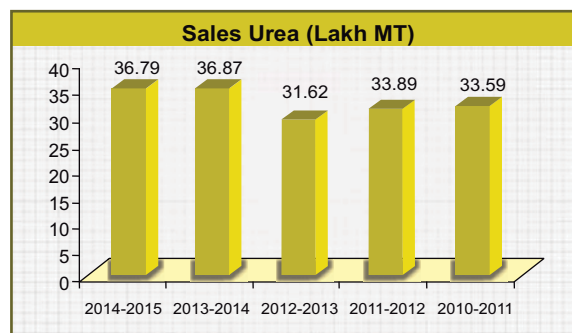


Sales performance

During the year Company achieved urea sale of 36.79 lakh MT compared to 36.87 lakh MT of the previous year. Company achieved sales turnover of ₹ 8519.69 crore (including subsidy of ₹ 6461.14 crore) compared to ₹ 8017.03 crore of previous year (including subsidy of ₹ 6047.92 crore). The turnover of industrial products increased from ₹ 53.42 crore in 2013-14 to ₹ 105.42 crore during 2014-15.

Trading of Agricultural Products (Pesticides, Seeds, Bentonite Sulphur, Compost, Bio-fertilizers etc.)

The sale of Bio-fertilizers was ever-best at 565 MT (valuing ₹ 3.16 crore) against 539 MT (valuing ₹ 3.70 crore) of previous year. The trading in Agro Products was of ₹ 18.52 crore against ₹ 36.60 crore in the previous year. Company also sold 866 MT (₹ 2.08 crore) of Bentonite Sulphur during 2014-15 against 1930 MT (₹ 5.21 crore) of previous year.



Agri Extension

Your Company is playing a pivotal role in not only providing quality fertilizers to the farmers but also educating them on judicious use of fertilizers along with total know how on improved and scientific methods of cultivation to improve soil productivity. During the year, Company organized 51 farmer training programs, carried out 330 demonstrations and participated in 32 krishi melas organized by leading Agriculture Universities. Company's soil testing laboratory was upgraded for testing of micro-nutrients also. More than 39,000 soil samples for macro-nutrients and more than 2,000 samples for micro-nutrients were analyzed and recommendations given to the farmers.

Mobile FMS (mFMS)

The Mobile based Fertilizer Monitoring System (mFMS) introduced by Department of Fertilizer for tracking the movement of fertilizers from the Plant/Port to the farm gate has been successfully implemented by the Company.

Projects

Company has undertaken / envisaging various business development and energy saving projects, which have been discussed in the Management Discussion and Analysis Report. A brief of the projects is as below:-

Revival of Ramagundam Unit of FCIL :

NFL & EIL has undertaken the revival of Ramagundam unit of Fertilizer Corporation of India Limited (FCIL). Plant is conceived with setting up of 2200 MTPD Ammonia plant and 3850 MTPD Urea plant at the existing Fertilizer complex of Ramagundam unit of FCIL through Joint Venture (JV) route with the equity participation by NFL (26%), EIL (26%), FCIL (11%) & others (37%). Joint Venture Company has been formed with the name of M/s. Ramagundam Fertilizers and Chemicals Limited.

Use of Pet Coke at Nangal

Your Company has recently completed revamp of its three fuel oil based plants at Nangal, Panipat and Bathinda by feedstock changeover to natural gas. Due to this changeover front-end of these plants have become redundant. Considering non-availability of domestic gas and steep increase in price of RLNG, Company is examining the feasibility of utilization of the redundant section for Petroleum Coke gasification as an alternate cheaper feedstock.

Bentonite Sulphur Plant at Panipat

Keeping in view the demand for Bentonite Sulphur, Company is planning to put a Bentonite Sulphur Plant of 8000 MTPY capacity at Panipat.

Implementation of Enterprises Resource Planning (ERP)

Company is in the process of implementation of ERP across the Company, which will help to integrate all the business functions, accurate and real time consolidation, enhance efficiency and productivity of employees in addition to other

benefits like savings in inventory, improvement in sales realization, etc.

Development of container terminal at Panipat

Consequent to conversion of feed-stock from FO to NG, the extensive siding network has been rendered surplus at Panipat Unit. Company is exploring the use of surplus rail siding as container terminal.

Commercial feasibility at Kharogoda

Company plans to recover potash from salt in the little Rann of kutch. Central Salt and Marine Chemicals Institute has submitted its report for installation of 3000 MTPY at a cost of ₹ 3.82 crore. This is the first time recovery of production of MoP in the country.

Production of water soluble fertilizer at Nangal

Water Soluble Fertilizer is one of the fast growing fertilizers in the country. Nangal unit is under process of production of 10 MT of Water soluble fertilizers. The production shall be increased to 3000 MT per year.

Installation of large scale solar plant at Nangal, Panipat and Vijaipur

The scheme is undertaken under National Solar Mission to promote ecologically sustainable growth. NFL is considering for installation of Mega Solar Power Plant for a total capacity of 65 MW.

Energy Conservation Projects

Company has taken various initiatives for energy conservation at its units which include:-

- (i) Purge Gas Recovery (PGR) Plant at Vijaipur-II at an investment of ₹ 29 crore. Installation of Vibro Priller in Urea Prilling Tower at Panipat to improve the quality of urea.
- (ii) Hooking up of old synthesis converter (S-200) in parallel to new synthesis converter (S-300) at Bathinda and Panipat at an investment of ₹ 1.68 crore at each unit.

Human Resource Management

Company has a manpower strength of 3798 employees as on 31.3.2015, which comprises of 1771 Executives and 2027 Non-Executives. Company also promotes the employment of women. At present 212 women employees are on its roll, which is 5.58% of the total workforce. The detailed analysis with regard to human resource has been made in the Management Analysis and Discussion Report.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Rules issued thereunder, your Company confirms that no complaint / case has been filed / pending with the Company during the year 2014-15.

Official Language

The Company is making all efforts for the propagation and implementation of official language policy of the Government of India. The quarterly meeting of Official Language Implementation Committee (OLIC) is regularly held in all the Units/ Offices of the Company under the chairmanship of Head of the Unit/Office to review the progress of official language. 32 Meetings of OLIC were held during the year.

To promote Official Language 'Hindi' 32 Hindi workshops were organized during the year in which 706 employees have participated. Hindi Fortnight was organized in all the Units/Offices of the Company to mark the Hindi Day. During the year, 48 Programmes/Competitions were held to promote Hindi and 869 employees participated. 54 employees were awarded cash prizes under the 'Cash Incentive Scheme' for doing their official work in Hindi.

In the series of 'A' category Undertakings, NFL Panipat Unit has been awarded 2nd Prize - Rajbhasha Shield & Commendation Certificate by Ministry of Home Affairs, Govt. of India under Regional Rajbhasha Puruskar Sammelan, Lucknow for doing excellent work in Official Language Hindi during 2013-14.

In the category of Small Offices & Undertakings, NFL State office, SHIMLA has been awarded 1st Prize by Town Official Language Implementation Committee (TOLIC) SHIMLA for doing excellent work in implementation of Official Language Hindi during 2013-14.

Initiatives taken for development of employees belonging to Scheduled Casts / Scheduled Tribes / Other Backward Classes (SC/ST/ OBC categories) –

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer has been appointed in each Unit/Office to ensure due compliance of orders and instructions pertaining to reservation for SCs and STs and other concessions admissible to them. Meetings were periodically held at Unit level as well as at corporate level with the SC/ST Welfare Associations by the Management for redressal of grievances of SC/ST employees. As a mark of respect to Dr. B.R. Ambedkar, his birth anniversary and Parinirvan Diwas were observed at all Units/Offices of the Company in a befitting manner. A stadium at Bathinda Unit, Multi-purpose Hall at Vijaipur Unit and one Bhawan at Panipat Unit were named after Dr. B.R. Ambedkar. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for such programmes conducted by external agencies. During 2014-15, 1947 man-days training was imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Casts / Scheduled Tribes / Backward Classes / Persons with disabilities is appended as Annexure to this report.

INFORMATION TECHNOLOGY

Company is making optimum use of information technology in various business functions. Web based on-line Marketing Management & Information system is being effectively used by the entire Marketing and Finance team for various day-to-day business functions. Other on-line applications are running across all plants and Corporate Office.

Secured MPLS VPN interconnecting various plants, Zonal Offices and Corporate Office have been upgraded to speed up various on-line business applications, data replication, data sharing and e-mails amongst various offices of the company. Company has implemented Centralized Mailing solutions recently. Company is also in the process of setting up Video conferencing facility at Corporate Office and Units.

Industrial Safety, Ecology & Pollution Control

Company remained focused towards achieving sustained energy efficiency operations at its manufacturing facilities maintaining pollution free environment and process safety. All manufacturing units continue to be ISO 9001-2008, ISO 14001-2004 and OHSAS-18001 certified which indicates Company's commitment to Quality Management System, Environment Management System and Occupational Health and Safety System.

Board Level Health and Safety Committee is meeting at regular intervals to address the health and safety issues at the Units. Quarterly review meetings are also conducted at all the units. Modern methods and latest technology such as 'International Sustainable Rating System', 'Total Quality Management' and 'Hazard and Operability Study' are being implemented to improve process safety. At all the Units workshops on safety were conducted by in-house and outside experts. Monthly meetings of Central Safety Committee were also conducted at all the Units.

Recognizing the need to balance human economic development with environment protection, Company has adopted the concept of sustainable development. A separate chapter annexed to this report deals at length with your Company's initiatives and commitment to environment conservation and sustainable development.



CISF staff performing fire safety drill

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an evolving concept Company is operating its business in a socially responsible manner by considering the wider interests of the community and environment. Company has formed a Committee of Directors to guide the CSR activities. The Company has formulated a well laid out CSR policy which ensures that CSR activities/projects are undertaken by the Company in a systematic and methodological manner as per the DPE Guidelines, Companies Act, 2013 and Companies (CSR) Rules, 2014. The policy has been uploaded on the website of the company at www.nationalfertilizers.com under 'Company' link. In the year 2014-15, Company incurred an expenditure of ₹36.74 lakhs towards CSR initiatives. The core areas identified were construction of girls toilets, soil testing and solar lights in remote villages.

The CSR Reserves at the beginning of the year were ₹5.48 crore. An expenditure of ₹ 2 crore was earmarked for expenditure during the year. Actual expenditure was below the targets as the Company changed its core area of investment in CSR projects in line with the new initiatives of the Government of India with regard to 'Swachh Bharat'. A detailed Report on Corporate Social Responsibility is annexed as annexure to the report.

The Right to Information Act 2005

In consonance with the spirit of Right to Information Act, the Company has created necessary mechanism as required under the Act. The Public Information Officers and an Appellate Authority are effectively responding to the requests and appeals of the applicants. The names of all PIOs / Appellate Authorities/ Transparency Officer are displayed on the Company's website. During the year, 180 applications were received and the information was provided to the applicants within the prescribed time limit.

Vigil Mechanism

In pursuant to the provision of Section 177 (9) and (10) of the Companies Act, 2013, a vigil mechanism for employees and others to report genuine concerns has been established.

Whistleblower Policy

Your Company relies in transparency and propriety in its business dealings. To take this object further, Company has put in place a Whistle Blower Policy providing for a mechanism to the employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct or Ethics Policy. The policy provides for adequate safeguards against victimization of whistle blowers. The policy is reviewed periodically. No employee has been denied access to the Audit Committee. The policy has been uploaded on the website of the company at www.nationalfertilizers.com under 'Company' link.

Integrity Pact

Integrity Pact is a tool developed during 1990s by Transparency International to help governments' businesses and civil society to fight corruption in the field of public contracting and procurement. To maintain the highest standard of transparency and governance, your Company has entered into an Integrity Pact with Transparency International. All contracts valuing above ₹ 1 crore are covered under the Integrity Pact. Company has appointed Independent External Monitors, persons of impeccable integrity, with the approval of Central Vigilance Commission, to oversee the implementation and effectiveness of the Integrity Pact.

Vigilance

In Vigilance the focus was on promoting good governance. Apart from streamlining the systems and providing flexibility to the units to perform better, effort was made to build confidence across the organization to facilitate faster decision making. Due thrust was given to maintain high degree of awareness amongst the employees. In order to impart proper training to the employees, a calendar has been prepared for organising training programme/workshops, relating to Vigilance activities at various offices/Units of the Company. Involvement of all employees in these programmes helps to create an environment of ethical growth in the Company. During the year, interactions were organized between the vigilance functionaries and the line managers on regular basis, with a view to understand the role of vigilance and to educate them on the policies, guidelines and procedures of the Company."

MoU

NFL signed MoU for 2014-15 with Department of Fertilizers, which is the 25th year of the Company under MoU system. Company received 12 “EXCELLENT” ratings for the MoU continuously upto 2011-12. MoU rating for the fiscal year 2012-13 has been “Good” and for fiscal year 2013-14 has been ‘VERY GOOD’ since in these two years flagship projects undertaken by the Company were under commissioning.

Awards & Accolades

- a) Bathinda unit received safety award “Prashansha Patra-2013” from National Safety Council of India (NSCI) on 27-10-2014.
- b) Panipat unit received safety award “Shreshtha Suraksha Puraskar-2013” from NSCI on 27-10-2014.
- c) The glorious ‘Master Brand Award’ has been conferred on NFL's famous brand 'Kisan' by World Marketing Congress on 14-11-2014.
- d) Nangal Unit received “Skoch Renaissance Award-2014” for Ammonia Feedstock Changeover Project (AFCP) as the best project in the country.
- e) Panipat Unit received “FAI Safety Runner Up award-2014”.
- f) Vijaipur Unit received “FAI Best Technical Innovation Runner Up Award-2014”.
- g) First prize - National Energy Conservation Award-2014” to Panipat Unit in Fertilizer sector was given by Bureau of Energy Efficiency (BEE), Ministry of Power (Gol).
- h) Nangal Unit received ‘Green tech Environment Award 2014’ on 29-01-2015 from Green tech Foundation Group (Kolkata).
- i) Bathinda Unit received First Prize for “Largest reduction in accident frequency rate in chemical industry for more than 5 lac man hours” from Punjab Industrial Safety Council (PISC).
- j) Bathinda Unit received safety award “Suraksha Puraskar-2014” from NSCI (National Safety Council of India), Mumbai on 12-03-2015.
- k) Bathinda Unit received “Punjab State Safety Award-2014” from Department of Labour, Punjab on 4-3-2015.
- l) Panipat Unit received safety award “Prashansha Patra-2014” from NSCI, Mumbai on 12-03-2015.

Management Discussion & Analysis Report

Management Discussion & Analysis Report covering the operations and future outlook of the Company is appended as Annexure to this report.

Statutory Auditors & Statutory Auditors Report

The Statutory Audit of your Company was conducted by Chartered Accountants firms M/s. M.L. Puri & Company and M/s. Chandiook & Guliani, Joint Auditors appointed by Comptroller & Auditor General of India (C&AG). Auditors’ Report on the Financial Statement of the Company for the financial year 2014-15 is Annexed.

Comments of C&AG

The review of Annual Accounts of your Company for the year ended 31st March, 2015 by the Comptroller and Auditor General of India (C&AG) under Section 143(6) (b) of the Companies Act, 2013 forms part of this report as Annexure. C&AG has given nil comments.

Cost Audit

As prescribed under the Companies (Cost Records and Audit) Rules, 2014, the cost accounting records are being maintained by all the Units of the Company. Consolidated Cost Audit Report and Compliance Report for the financial year 2013-14 was filed on 26.09.2014.

Secretarial Audit

Secretarial Audit has been made mandatory for your Company from the Financial Year 2014-15. Secretarial Audit Report of Secretarial Auditors for 2014-15 and reply of management are annexed as Annexure to this report.

Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance being the fountain head of value creation for all stakeholders especially shareholders. The Company has in place a well defined "Corporate Governance Mechanism" which considers the interests of all stakeholders. A separate report on Corporate Governance forming part of this Board Report along with the Auditors' Certificate is Annexed.

Research and Development

In compliance with the guidelines on Research & Development (R&D) notified by the Department of Public Enterprises, the Company has an R&D Policy and R&D Plan duly approved by its Board of Directors.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo

Disclosures in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo are given in the Annexure.

Public Procurement Policy of Micro and Small Enterprises (MSEs) Order, 2012

Public Procurement Policy for Micro and Small Enterprises notified by the Government of India, under the Micro, Small and Medium Enterprises Development Act, 2006, which came into effect from 1st April, 2012 mandates that at least 20% of the total annual procurement of goods and services shall be made by Central Ministries / Departments / CPSUs from Micro and Small Enterprises. Within this mandated percentage, a sub target of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. Requisite information for the year 2014-15 is annexed as Annexure to this report.

Extract of Annual Return Under Section 92 (3) of the Companies Act, 2013

The extract of Annual Return as required under sub-section (3) of Section 92 in Form MGT-9 is annexed hereto as Annexure.

Nomination & Remuneration Committee and Remuneration Policy

The disclosures regarding Nomination & Remuneration Committee and Remuneration Policy are given in the Corporate Governance Report.

Audit Committee

The detailed disclosures has been made in the Corporate Governance Report.

Board Meetings

The details of Board Meetings and Meeting of Independent Directors are given in the Corporate Governance Report annexed as Annexure to this report.

Performance evaluation of Board and Directors

NFL is a government company where the directors are appointed either by the Government of India or on the recommendation of the Government. The remuneration, etc. of Directors are decided as per DPE Guidelines. The tenure of the directors is also decided by the Government. In compliance of Section 178(1) of the Companies Act, 2013, Company has constituted a Nomination and Remuneration Committee. Section 134(3)(e) requires the Company to disclose the policy on directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence of a director and other matters provided under section 178(3) of the Act. Section 134(3)(p) of the Act read with clause 49 of the Listing Agreement requires the Company to disclose the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors. NFL is a government company, has been exempted from the provisions of section 134(3)(e)&(p) and section 178(2)&(3) of the Companies Act.

Code of Conduct

Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2015.

Directors and Key Managerial Personnel (KMPs)

Shri Munikoti Niranjan Rao (DIN03521256) Independent Director ceased to be a Director of the Company on 5th May, 2014.

Shri Suresh Chander Gupta (DIN02922231) Govt. Nominee Director ceased to be a Director of the Company on 22nd May, 2014.

Shri Satish Chandra (DIN01970013) Govt. Nominee Director ceased to be a Director w.e.f. 30th June, 2014.

Shri Rajiv Yadav (DIN00322778) Special Secretary and Financial Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India was appointed as Additional Director on 17th July, 2014 and has been appointed as Director at the AGM held on 5th September, 2014.

Shri Rakesh Kumar (DIN06940386) was appointed as Additional Director on the Board on 4th August, 2014 and has been appointed as Director at the AGM held on 5th September, 2014.

Shri Vikram Srivastava (DIN06541689) and Shri M. Raman (DIN01226770) were appointed as Part-time Non-official Independent Additional Directors w.e.f. 6th May, 2013 and were elected as Directors at the AGM held on 17th September, 2013 and their appointment as Independent Directors was made under the Companies Act, 2013 in the AGM held on 5th September, 2014 upto 5th May, 2016, and shall be eligible for reappointment through Special Resolution.

Shri Gurinderjit Singh Sandhu, IAS (Retd.) (DIN01790828) who was appointed as Additional Director w.e.f. 21st February, 2014 and was appointed Independent Director in the AGM held on 5th September, 2014 upto 20th February, 2017 and shall be eligible for reappointment through Special Resolution.

Shri Rajiv Kumar Chandiok (DIN05146544) has joined as Director (Finance) on 10th February, 2015.

Ms. Neeru Abrol (DIN01279485) retired as C&MD on 27th February, 2015 on attaining the age of superannuation.

Shri Heera Lal Samariya (DIN00054859) Joint Secretary, Department of Fertilizers, was holding the additional charge of the post of C&MD during the period 2nd March, 2015 to 3rd June, 2015.

Shri Manoj Mishra (DIN06408953) has joined as Chairman & Managing Director on 3rd June, 2015.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Capt. Pavan Kumar Kaul, Director (Marketing) (DIN03438497) and Shri M. Sagar Mathews, Director (Technical) (DIN02820429) retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment. Brief resume of all directors is as annexed as annexure to the report.

Key Managerial Personnel (KMPs)

Ms. Neeru Abrol, C&MD was KMP from 16.09.2014 to 27.02.2015. Shri Sunil Bhatia was CFO & KMP from 12.08.2014 to 25.03.2015. Shri Tek Chand, Company Secretary retired on 31.07.2014. Shri Raj Kumar has been appointed as Company Secretary & Compliance Officers w.e.f. 01.08.2014. Shri Heera Lal Samariya, C&MD remained KMP from 25.03.2015 to 03.06.2015. Shri Rajiv Kumar Chandiok, Director (Finance) has been appointed CFO and KMP w.e.f. 25.03.2015. Capt. Pavan Kumar Kaul, Director (Marketing) and Shri M. Sagar Mathews, Director (Technical) have also been appointed KMP w.e.f. 25.03.2015. Shri Manoj Mishra, C&MD has been appointed KMP w.e.f. 04.07.2015. Disclosures have been made in the notes to the accounts.

Declaration by Independent Directors u/s 149 (6)

All Independent Directors have given declaration that they meet the criteria of independence as laid down under the Companies Act, 2013 and Listing Agreement.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134(3) (c) of the Companies Act, 2013, your Directors confirm that: -

- a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departure has been made therefrom by the Company;
- b) the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2014-15 and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the Annual Accounts on a going concern basis.
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board of Directors acknowledge their gratitude for the valuable guidance and support received from the various wings of Government of India, in particular Department of Fertilizers, Fertilizer Industry Coordination Committee (FICC), various State Governments, Financial Institutions, Banks, stakeholders and all others whose continued support has been a source of strength to the Company.

Your Directors also acknowledge the suggestions received from Statutory Auditors, Cost Auditors and Comptroller and Auditor General of India and are grateful for their continued support and cooperation.

The Board would like to place on record its appreciation to the hard work, commitment and unstinting efforts put in by the employees at all levels.

For and on behalf of the Board of Directors

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 12th August, 2015

(Manoj Mishra)

Chairman & Managing Director
DIN: 06408953

Management Discussion and Analysis Report

State of Economy & Manufacturing Industry

As per Economic Survey of India using the new estimate for 2014-15 as the base, GDP growth at constant market price is expected to be 7.4%. India has emerged among a few large economies with propitious economic outlook. Brighter prospects in India owe mainly to the fact that economy stands largely relieved of the vulnerability associated with economic slowdown, persistent inflation, elevated fiscal deficit, slackening of domestic demand, external account imbalances, etc. food-grains production for 2014-15 is estimated at 257.07 million tones. Foreign portfolios have stabilized the rupee, exerting downward pressure on long term interest rates. Growth will receive a boost from the cumulative impact of reforms, lower oil prices, likely monetary policy, easing facilitated by lower inflation and improved inflationary expectations and forecast for a normal monsoon in 2015-16.

Fertilizer Industry

Chemicals fertilizers have played an important role in making the country self-reliant in foodgrain production and continue to play a key role in boosting agricultural production and productivity. Fertilizer pricing and subsidy policies had played a catalytic role in promoting fertilizer use and growth of the fertilizer industry. Urea is a fully controlled nitrogenous fertilizer. In view of the increase in price of domestic gas, MRP of urea is equal to 25% of average cost of domestic production or imports. The balance 75% is the subsidy. Owing to Urea being a fully controlled fertilizer and partial decontrol of Phosphatic & Potassic fertilizers under NBS (Nutrients Based Scheme), has resulted in imbalanced use of primary nutrients resulting in poor soil quality and crop productivity.

The lower Urea price in international market is impacting the existing production performance. Further, delay in payment of subsidy by is seriously impacting the financials of the fertilizer producers due to additional interest cost being incurred to manage the requirements of working capital. As a result, domestic production of chemical fertilizers is not keeping pace with increasing demand leading to increased dependency on imports. In view of limited availability of domestic gas and lack of availability of raw materials for DAP, focus could be on setting up joint venture plant abroad in resource rich countries for production facilities with buy-back arrangements.

The growth in Indian fertilizer industry has been stagnant for last many years. Rather Production of Urea is marginally declined from 22.7 million tonnes in 2013-14 to 22.6 million tonnes in 2014-15. In order to reduce imports of Urea, Government is striving hard to revive the old shut down plants by putting up new plants at those locations.

A number of initiatives in terms of notification of various policies / amendments in Urea sector taken by the government recently include (i) Modified New Pricing Scheme (NPS-III) effective from 1-4-2014 to 31.03.2015 in order to address the issue of under-recoveries of the existing Urea units on account of freezing of fixed cost at the 2002-03 level. (ii) New Investment Policy 2012 n to facilitate fresh investment in the Urea sector to make India self-sufficient. (iii) New Urea Policy - 2015 effective from 1-6-2015 to 31-03-2019. Under this policy, all the Urea plants in the country have been classified in to three energy groups and their pre-set energy norms have been revised on group-wise basis for reimbursement of the subsidy with the aim to reduce energy consumption & reduce subsidy burden without increase in its retail price (MRP) (iv) Pooling of gas to Fertilizer Sector effective from 01.06.2015. This move is aimed at providing gas to the Fertilizer producers at uniform delivered price which shall help in increasing the indigenous Urea production to reduce the imports.

Further, In order to improve productivity on usage of Urea and cut down the subsidy bill, GoI has recently made it mandatory to produce 100 % production of Urea as Neem Coated Urea which is a win-win decision for the GoI as well as for the Urea Industry.

National Fertilizers

Operating in a challenging environment, National Fertilizers have performed well in the year 2014-15. The company has achieved highest ever annual production of 36.39 LMT of urea with a capacity utilization of 102%. Company has also done well on marketing front by selling 36.79 LMT of Urea, which are healthy signs for better future. There has been a significant improvement in terms of consumption of energy in all plants.

Under the New Urea Policy, 2015, which is effective from 1st June, 2015 to 31st March, 2019, all the Urea plants in the country have been classified in to three energy groups and their pre-set energy norms have been revised on group-wise basis for reimbursement of the subsidy. This Policy comes in tandem with gas pooling mechanism which is also effective from 01.06.2015 to streamline gas supplies for the fertilizer industry so that all the manufacturers will get the gas at the same price which will help the plant owners to operate plants at full capacity. New Urea policy, 2015 would make an adverse impact on Vijaipur-I & II profitability owing to tightening of energy norms. To survive after 2018 Vijaipur-I would require investment of approx. ₹350 Crore without getting any returns on it. For survival of Nangal, Panipat and Bathinda units, after the year 2018, Company would be representing to Department of Fertilizers (DoF) for considering existing set up of mix fuel of gas and coal with DFR as cost of Production is cheaper with this mix compared to Gas.

Business Organization

Company is mainly in the business of production and marketing of urea and neem coated urea. It has five Urea plants, one each at Nangal and Bathinda (Punjab), one at Panipat (Haryana) and two at Vijaipur (Madhya Pradesh). All the plants are on natural gas feedstock. Total annual urea installed capacity of the Company is 35.68 lakh MT. Company is the second largest producer of urea in the country with a share of around 16%.

Company is also engaged in the manufacturing and marketing of Neem Coated Urea and other allied industrial products like Nitric Acid, Ammonium Nitrate, Sodium Nitrite/Nitrate, etc. Company has a 600 tonnes per annum Bio-Fertilizers plant at Vijaipur, where three strains of Bio-fertilizers namely Phosphate Solubilising Bacteria (PSB), Rhizobium and Azotobacter are produced in solid as well as in liquid form.

Company has got an extensive marketing network comprising of Central Marketing Office, Zonal Offices, State Offices and Area Offices spread across 17 states and union territories. Company is trading in various agro-inputs including certified quality seeds, Bentonite sulphur, Zinc Sulphate, Agro-chemicals like insecticides/herbicides, etc.

Opportunities

- Chemical Fertilizers would continue to play a lead role in contributing to food security of the country.
- New Investment Policy (NIP –2012) in the Urea sector provides an opportunity to make investments in the sector.
- Customized fertilizers for balanced fertilization.
- Diversification in related areas.
- Company has a well-knit marketing set-up and dealer-network with significant presence in Northern and Central India. There is a big opportunity for undertaking trading of P&K fertilizers and other agro-inputs like seeds, compost, pesticides on a large scale.

Threats

- Lower import parity price of fertilizers.
- Inadequate availability of domestic gas.
- Higher cost of gas.
- Poor quality of coal.
- Inadequate subsidy budget of government.
- Imbalanced use of fertilizers.

Risks & Concerns Management perceives

- Subsidy Budget constraint with the government as delay in receipt of subsidy adversely impacts the profitability of the Company.
- Adverse Agro climatic conditions can impact the performance of the Company.
- Large scale operations in international chemical market may lead to un-remunerative prices of fertilizers and industrial products.

- Scanty rains because of Monsoon failures which affects urea off- takes resulting into high inventory and delayed realization.
- A declining crop response to application of fertilizers because of imbalanced use of plant nutrients.
- Single nutrient product base.
- Fertilizer marketing is undergoing a sea change in the emerging scenario in view of entry of new players and broadening of product portfolios.
- The average vintage of production units of the Company except Vijaipur II Unit is above 25 years, requiring regular expenditure on renewals and replacements.
- Many experienced technical and other professionals will be superannuating in the next few years. Skilled and trained manpower are being recruited to sustain the organization.

Risk Management Policy

Chemical fertilizers are hazardous and face many risks including those related to health, safety and environment in addition to general business risks. Company has put in place a Risk Management Policy, providing for periodic review of risks, procedures and strategies to minimize the same. Risks are analyzed at the highest level and efforts are made in a planned way to obviate the risks either fully or to ensure that they have minimum impact.

Positioning for the future

(a) Projects

New initiatives

Use of Pet Coke:

NFL has recently completed revamp of its three fuel oil based plants at Nangal, Panipat and Bathinda for feedstock changeover to Natural Gas. Considering non-availability of domestic gas and steep increase in price of RLNG, Company is examining the feasibility of utilization of the redundant section for Petroleum Coke gasification to use it as an alternate cheaper feedstock. Various options to use Pet-coke in redundant sections of Ammonia plants for generation of additional Ammonia / Synthetic NG are being studied with the help of M/s. EIL. Once the technology is adapted in NFL units, it may go a long way to address to the energy needs of these plants at a cheaper cost and would also increase the sustainability and competitiveness of the Company in the times to come. Feasibility study of usage of pet coke is in progress.

Bentonite Sulphur Plant at Panipat

Keeping in view the demand for Bentonite Sulphur, Company is planning to put-up a Bentonite Sulphur Plant of 8000 MTPY capacity at Panipat PDIL has been appointed as Consultant for carrying out the feasibility study.

Revival of Ramagundam Unit of FCIL :

NFL and Engineers India Limited (EIL) have undertaken the revival of Ramagundam unit of Fertilizers Corporation of India Limited (FCIL). Plant is conceived with setting up of 2200 MTPD Ammonia plant and 3850 MTPD Urea plant at the existing Fertilizer complex of Ramagundam unit of FCIL through Joint Venture (JV) route with the equity participation by NFL (26%), EIL (26%), FCIL (11%) and others (37%). Joint Venture Company has been formed with the name of M/s. Ramagundam Fertilizers and Chemicals Limited. EIL have been awarded EPCM contract. The other project activities like selection of licensor for ammonia and urea and agreement for transportation of gas are in the advance stage of finalisation. The project would be having an investment of around ₹5300 crores with a completion time of 36 months from the zero date.



Directors of NFL, EIL & FCIL after Signing of JV agreement for Revival of Ramagundam Plant

Implementation of Enterprises Resource Planning (ERP)

Company is in the process of implementation of ERP across the Company for integration of all the business functions, accurate and real time consolidation, enhance efficiency and productivity of employees in addition to other benefits like savings in inventory, improvement in sales realization, etc.

Development of container terminal at Panipat

Consequent to conversion of feed-stock from FO to NG, the extensive siding network has been rendered surplus at Panipat Unit. Use of surplus rail siding as container terminal shall be a new avenue for regular revenue generation.

Commercial feasibility at Kharogoda

Company plans to recover potash from salt in the little Rann of kutch. Central Salt and Marine Chemicals Institute would be submitting its report for installation of 3000 MTPY at a cost of ₹3.82 crores. This is the first time recovery of MoP in the country and will help in small substitution of imported MoP saving foreign exchange and a step towards Make in India.

Production of water soluble fertilizer at Nangal

Water Soluble Fertilizer is one of the fast growing fertilizer in the country. Nangal unit is in the process of production of 1.0 MT of Water soluble fertilizer. The production shall be increased to 3000 MTPY per year.

Installation of large scale solar plant at Nangal, Panipat and Vijaipur

Under the Scheme of National Solar Mission to promote ecologically sustainable growth, your Company is considering for installation of Mega Solar Power Plant for a total capacity of 64 MW. The capacity shall be capable of generating about 949 Lakh KWHr/ year. Process for preparation of TEFR through a consultant is being done by inviting NIT.

Energy Conservation Projects

Company has taken various initiatives for energy conservation at its units which include:-

- (i) Installation of Purge Gas Recovery (PGR) Plant at Vijaipur-II at an investment of ₹29 crores.
- (ii) Installation of Vibro Priller in Urea Prilling Tower at Panipat to improve the quality of urea.
- (iii) Hooking up of old synthesis converter (S-200) in parallel to new synthesis converter (S-300) at Bathinda and Panipat at an investment of ₹ 1.68 crores at each unit.

(b) Marketing:

Sale of other fertilizers

The present market is very competitive and in view of the globalization scenario and to exploit opportunities in the Nutrient Based Subsidy (NBS) regime, a wide marketing and dealers network spread across 17 states and a dedicated marketing team is in place. Company plans to import fertilizers like MoP, DAP for trading through its distribution network in addition to other agri-inputs under single window concept.

Improved competitiveness of production after gas pooling may help in improving the business in industrial products.

Seeds

Company has been selling substantial quantity of seeds sourced from government agencies. Keeping in view the demand and the market set-up, Company endeavour to market quality seeds of various high yield variety crops under its own brand.

Review of Performance of the Company

Production Review

During the Financial Year under review, Company achieved ever-best urea production of 36.39 lakh MT (102% of installed capacity) against 36.36 lakh MT of the corresponding period of last year (CPLY). Vijaipur-II and Bathinda Units produced additional quantity of 2.37 lakh MT and 0.49 lakh MT over the cut off capacity respectively. The Urea production also includes record production of Neem coated urea of 13.65 lakh MT which is 37.51% of the total production. Company contributed about 16% of all India urea production for 2014-15.

Energy consumption at all the Units was within norms in respect to all the plants and was also lower than that was achieved in the CPLY. Vijaipur-I achieved ever-best energy consumption of 5.75 Gcal/MT urea. In order to further reduce energy consumption at Vijaipur-II, installation of Purge Gas Recovery Plant in Ammonia Plant has been undertaken. Preventive maintenance practices have been adopted for reducing the down time leading to improve energy consumption. Bathinda Unit has achieved an on-steam efficiency of above 96% continuously for the last two years.

Technology Absorption

The coal based boilers at Panipat, Bathinda & Nangal have been revamped for use of cleaner Natural Gas as support fuel in place of fuel oil. This has eliminated use of costly fuel oil and improved reliability and emissions. To improve efficiency of boilers use of coal additives is being undertaken to improve combustion and reduce consumption of coal.

NFL has entrusted EIL to carry out study for checking the feasibility of using the old gasifiers and other equipment discarded at Nangal post revamp of Ammonia plant, for gasification of cheap Petro coke from Refinery for production of Hydrogen/Syn. Gas.

Marketing Review

Urea

During the year Company achieved urea sale of 36.79 lakh MT compared to 36.87 lakh MT of the CPLY. Company's prime business is production and sale of urea. Company achieved sales turnover of ₹ 8519.69 crores (including subsidy of ₹ 6461.14 crore) compared to ₹8017.03 crore during CPLY (including subsidy of ₹ 6047.92 crore).

Industrial Products and traded goods

The turnover of industrial products increased from ₹ 53.42 crore in 2013-14 to ₹105.42 crore during 2014-15 due to increased sale of Nitric Acid.

Turnover of traded goods was ₹18.52 crores against ₹ 36.60 of the CPLY. Company could not import & trade in MoP and DAP because of high price volatility in the international market and fluctuation in foreign exchange rate.

Human Resource

The Company considers its Human Resource as its most important asset and makes sustained efforts for the development of its manpower. Company has a well-established Human Resource Department to cater to the training needs of employees, keeping in view the changing technology and overall business environment.

The Company has a manpower strength of 3798 employees as on 31.3.2015, which comprises of 1771 Executives and 2027 Non-Executives. Company promotes the employment of women and at present 212 women employees are on its roll, which is 5.58% of the total work force. The company is currently getting geared up for a major recruitment drive to address the manpower scarcity arising out of superannuation of many experienced technical and other professionals in the next few years



Engineers working at the Plant

To improve skills and to instill behavioral and personality development traits in all supervisory staff and managerial cadre, Company organized number of training programmes in-house as well as external on contemporary subjects. The training programmes were identified through Performance Management System by synchronizing organizational needs with individual needs. In these diverse programmes, 11560 man-days training was imparted to employees. Company organized specially designed training programmes for development of women employees in various areas of expertise.

Employees' participation in Management is an essential ingredient of industrial democracy, which implies mental and emotional involvement of employees in the management of enterprise. Company always supported the participative

culture in the management through consultative approach. The efforts to promote employees' participation in various activities like Suggestion Scheme, Welfare, Safety, interactions between Management and employees' representatives on various issues continued during the year. There was no industrial unrest and cordial relations were maintained throughout the year.

Company continues to make efforts for improving employees' health and welfare. For achieving these objectives, Company has put in various welfare schemes such as education, medical, benevolence, housing, Social security scheme, NFL Employees Family Economic & Social Rehabilitation Scheme, Defined Contribution Superannuation Pension Scheme. Company has put in place Medi-claim policy for retired employees and their spouse for providing indoor medical facilities by contributing the premium at subsidized rates.

Review of Financial Performance

Financial Highlights

During the year under review, Company achieved highest ever turnover of ₹ 8519.69 crore (including subsidy of ₹ 6461.14 crore) compared to ₹ 8017.03 crore of the CPLY (including subsidy of ₹ 6047.92 crore).

Company earned profit before tax of ₹ 44.72 crore (CPLY loss ₹161.16) crore) and profit after tax of ₹ 26.24 crore (CPLY loss ₹ 89.71 crore). The increase in profit is mainly attributed to impact of Modified NPS stage-III, reimbursement of purchase tax and marketing margin on RIL gas pertaining to previous year, decrease in energy consumption, decrease in depreciation charge pursuant to provisions of Companies Act, 2013.

The short-term borrowings of the company as at 31st March, 2015, stood at ₹5002.27 crore including cash credit utilization, short-term loans, working capital demand loan etc. (₹ 4039.19 crore as at 31st March, 2014).

For changeover of feed stock from LSHS/FO to Gas at Nangal, Panipat & Bathinda units, Rupee Term Loan of ₹ 3850 crore has been arranged from consortium of 13 Banks with SBI as a lead Bank of which ₹1540 crore was paid upto 31st March, 2015. As on 31st March, 2015 long term loan of ₹ 2310 crore was outstanding.

For Energy Saving and Urea Capacity Augmentation Project at Vijaipur-I, Urea capacity Augmentation Project at Vijaipur-II and installation of Carbon-Dioxide Recovery (CDR), long term loan was raised by way of 9.42% Secured Redeemable Non-Convertible Taxable Bonds of ₹ 100.40 crore; Buyer's credit of USD 15.68 million and External Commercial Borrowing (ECB) of USD 50 million. Out of the Buyers' Credit of USD 15.68 million, USD 15.68 million has been repaid upto 31st March, 2015. Out of External Commercial Borrowing (ECB) of USD 50 million, USD 8.50 million has been repaid upto 31st March, 2015.

Gain of ₹ 4.94 crore towards Foreign Exchange variation as on 31st March, 2015 in respect of outstanding short term liability towards supply of equipments for AFCP at Nangal, Panipat & Bathinda has been credited to Statement of Profit & Loss Account.

Impairment of Fixed Assets

In terms of Accounting Standard-28 on 'Impairment of Assets' issued by ICAI, Company is required to review the carrying amount of fixed assets on each Balance Sheet date to ascertain impairment loss, if any. In case of Nangal unit, following plants were identified as economically impaired cash generating units during the year as they are not in operation:-

1. Naphtha Modernization Phase-I (NMP) Hydrogen Plant
2. Methanol Plant

Valuation of the recoverable amount of above plants was carried out by Independent Expert as on 31st March, 2015 and in view of assessment of asset's disposable amounts of above plants being significantly more than its carrying value (WDV) in the books of Accounts as on 31st March, 2015, no adjustment is required in the Accounts for which necessary disclosure by way of note has been made in the Accounts.

During the year, Company has earned a post-tax profit of ₹ 26.24 crore., A Dividend of ₹8.34 crore (31.78 % of PAT which is ₹ 0.17 per share) has been recommended for the financial year 2014-15.

Analysis of the Financial Performance of the Company:

(a) Turnover

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Sales Turnover (Gross)	8553.20	8042.76	6.35

The increase in sales turnover is mainly due to increase in subsidy as a result of increase in gas price.

(b) Interest Earned

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Loan to Employees, Term deposit etc.	5.22	12.06	(56.72)

Decrease in interest earned mainly due to interest on income tax refund during the CPLY.

(c) Other Income

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Other Income (Rent, profit on sale of assets, misc. income etc.)	36.85	25.35	45.36

The increase in other income is mainly due to gain on exchange rate variation compared to loss during CPLY.

(d) Consumption of Raw Materials

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Raw Materials Consumed	4348.41	4358.39	(0.23)

(e) Repairs & Maintenance

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Repairs and Maintenance	74.24	67.05	10.72

Increase in repairs and maintenance during 2014-15 is mainly due to annual shutdown taken at Panipat and Vijaipur –I Units.

(f) Employees Benefits

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Employee Remuneration & Benefits	475.44	417.42	13.90

Increase in employee remuneration and benefits is mainly due to increase in actuarial liability due to reduction in discounting rate(interest rate) compared to CPLY.

(g) Power and Fuel

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Power and Fuel	2593.28	2423.77	6.99

(h) Freight and Handling

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Freight and Handling	392.07	377.92	3.74

Increase in freight expenditure is mainly due to dispatches to longer distances as compared to CPLY.

(I) Other Expenses

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Other Expenses (incl. Prior period exp.)	161.13	139.51	15.50

Other expenses included rent, rates, and taxes, security expenses, water charges, travelling expenses and other factory expenses. The increase during 2014-15 is mainly due to increase in retail margin, security exp., write-off stores and spares and provision for doubtful debts.

Financial Status

(a) Fixed Assets

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Tangible Assets	4416.72	4648.38	(4.98)
Intangible Assets	26.59	33.86	(21.47)
Capital work in progress	39.00	13.88	180.98
Total	4482.31	4696.12	(4.55)

(b) Non-current Investment

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Investments (Net of Provisions)	2.47	0.03	8133.33

Increase in investment is mainly due to investment in RFCL a joint venture with EIL and FCIL.

(c) Inventories

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Raw Materials	0.98	3.18	(69.18)
Stores and Spares			
(including packing material)	193.54	240.15	(19.41)
Semi-finished / finished products	90.48	174.92	(48.27)
Total	285.00	418.25	(31.86)

Decrease in inventory is due to decrease in semi-finished and finished products.

(d) Trade Receivables

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Gross Debtors – FICC	4975.41	4537.67	9.65
- Others	64.85	103.15	(37.13)
Less: Provision for Doubtful Debts	(11.31)	(11.51)	(1.74)
Net Debtors	5028.95	4629.31	8.63

The increase in debtors is mainly due to delay in receipt of subsidy from Fertilizer Industry Coordination Committee (FICC).

(e) Short term Loans & Advances

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Loans and Advances	151.92	129.86	16.99

The loans and advances pertain to security deposits. Advances to suppliers/contractors, tax refund, etc.

(f) Current Liabilities

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Short Term Borrowings	5002.27	4039.19	23.84
Trade Payables	174.42	362.98	(51.95)
Other current Liabilities	1324.09	1423.99	(7.02)
Short Term Provisions	87.34	48.69	79.38
Total	6588.12	5874.85	12.14

The increase in short term borrowings is on account of higher working capital requirement arising from delay in receipt of subsidy from Government.

(g) Non-current Liabilities

(₹ in crore)

Particulars	FY 2014-15	FY 2013-14	Change (%)
Long Term Borrowings	1784.90	2631.81	(32.18)
Other long term liabilities	38.91	48.32	(19.47)
Total	1823.81	2680.13	(31.95)

The decrease in long term borrowings is due to repayment of Rupee Term Loans and Buyers' Credit taken for financing the projects of changeover of feedstock at Nangal, Bathinda and Panipat Units and Energy Saving and Urea capacity enhancement at Vijaipur. In terms of Government Policy notified on 6th March, 2009, the Company is entitled to capital subsidy from the date of commercial production at Nangal, Panipat and Bhatinda over a period of 5 years towards project cost, interest on borrowed capital and return on own funds.

Internal Controls

The Company has put in place adequate internal control measures in all areas for the purpose of protecting its resources against waste, fraud and in-efficiency, ensuring accuracy and reliability in accounting and operating data and securing compliance with policies of the organization.

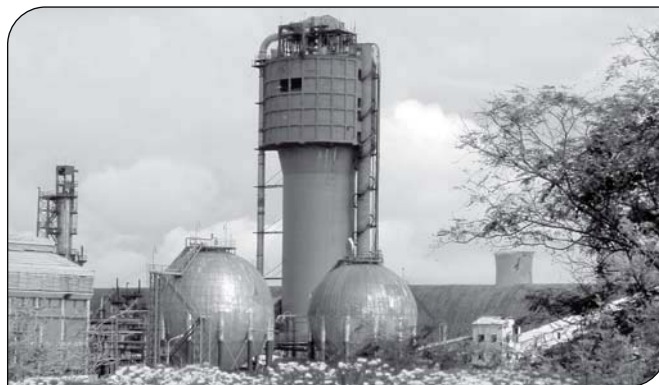
These measures are in the form of various codes, manuals and procedures, issued by the management, covering all critical and important activities viz. Budget, Purchase, Material, Stores, Works, Finance, Personnel etc. These codes, manuals, procedures, codes etc. are updated from time to time and are subject to strict compliance.

Company has an internal audit set up empowered to examine, evaluate, monitor and report to the highest level of management on adequacy and effectiveness of the whole range of internal controls and compliance with policies, plans and statutory requirements. Independent Chartered Accountant firms carried out internal audit activities.

Continuous audit and verification of the systems enables to plug any shortcomings in the system. Audit Committee and Management periodically review the functioning of internal audit and internal control system, its adequacy and effectiveness.

Cautionary Statement

Statements in the Management Discussions and Analysis describing the Company's focal objectives, expectations or anticipations may be forward looking statements within the meaning of applicable securities, laws and regulations that describe our objectives, plans or goals. All these forward looking statements are subject to certain risks and uncertainties, including but not limited to, Government action, economic development, and risks.



A Glimpse of NFL Plants

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR ENDED 31st MARCH 2015

The preparation of financial statements of National Fertilizers Limited for the year ended 31st March, 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29.05.2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of National Fertilizers Limited for the year ended 31st March, 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

**For and on behalf of the
Comptroller and Auditor General of India**



**(Suparna Deb)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-II,
New Delhi**

**Place : New Delhi
Date : 10.08.2015**



Annual Accounts 2014-2015



Auditors' Report

M. L. PURI AND COMPANY
CHARTERED ACCOUNTANTS
407, NEW DELHI HOUSE,
27 BARAKHAMBA ROAD,
CONNAUGHT PLACE
NEW DELHI - 110001

CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS
C-44, NIZAMUDDIN EAST,
NEW DELHI - 110013

INDEPENDENT AUDITORS' REPORT

To the Members of
National Fertilizers Limited

Report on the Financial Statements

We have audited the accompanying financial statements of National Fertilizers Limited ("the Company"), which comprise the Balance Sheet as at March 31st, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by Companies Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

We draw attention to Note No. 49(a) to standalone financial statement regarding balance confirmation in respect of Subsidy ₹4975.41 crore and Capital Grant ₹3374.59 crore which is due for recovery from Government of India.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements;
 - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by Section 143(5) of the Act, we have considered the direction and sub-directions issued by the Comptroller & Auditor General of India. We give our report in the attached "Annexure B".

For M. L. PURI & COMPANY
CHARTERED ACCOUNTANTS

(Navin Bansal)
PARTNER
(MEMBERSHIP NO. 091922)
FIRM REGD. NO. 002312N

For CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS

(V. K. Lalla)
PARTNER
(MEMBERSHIP NO. 080847)
FIRM REGD. NO. 001199N

Place: New Delhi
Date: 29th May, 2015

ANNEXURE "A"

The Annexure refer to in our Independent Auditors Report to the members of the company on the Financial Statement for the year ended 31st March, 2015. We report that:

- (I) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of the available information.
- b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of fixed assets has been carried out by the management during the year. We are informed that discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (ii) a) The physical verification of the inventory has been carried out by the management in accordance with the perpetual inventory programme, at regular intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods & services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) According to the information and explanation given to us the Company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) We have broadly reviewed the Cost Records maintained by the Company specified by Central Government under Sub Section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed records have been maintained. We have, however, not made a detailed examination of the Cost Records with a view to determine whether they are accurate or complete.
- (vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues. According to the information and explanations given to us, no undisputed amounts remain payable in respect of such statutory liabilities as at 31st March, 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the particulars of the disputed dues as at 31.03.2015 which have not been deposited on account of matters pending in appeal before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Amount Involved (₹ Crore)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	27.58	AY 2006-07 to AY 2009-10	Income Tax Appellate Tribunal, New Delhi
		53.66	AY 2006-07, AY 2010-11 & AY 2011-12	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise Duty	1.04	FY 1997-98 to FY 1999-2000	Central Excise Service Tax Appellate Tribunal
Customs Act 1962	Custom Duty	6.23	F.Y. 1996-97	Commissioner of Customs (Appeal)
Punjab VAT Act, 2005	VAT	0.53	FY 2006-07 to FY 2009-10	Dy. Excise and Taxation Commissioner (Appeal), Patiala
Punjab Municipal Act	Property Tax	1.57	FY 2007-08 to FY 2009-10 & FY 2013-14	Municipal Council, Nangal
MP Commercial Tax Act, 1994	Purchase Tax	1.30	FY 2001-02	Commercial Tax Appellate Board, Bhopal
Haryana Local Area Development Tax Act, 2000	Entry Tax	6.72	FY 2000-01 to FY 2002-03	Joint Excise Taxation Comm. Rohtak
Madhya Pradesh Value Added Tax Act, 2002	VAT	0.01	2008-09	Appellate Board, Commercial Tax
Entry Tax Act, 1976	Entry Tax	0.03	2010-11 and 2012-13	Appellate Board, Commercial Tax
M P Vidyut Shulk Adhiniyam 2012	Electricity Generation and Duty Cess	0.35	2008-2012	MP High Court
Total		99.02		

- (c) The company has transferred the amount which is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the companies Act, 1956 (1 of 1956) and rules made thereunder.

- (viii) The company didn't incur cash losses during the year but there was cash loss in the immediately preceding financial year. The Company does not have accumulated losses as at the end of the financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank or bonds/debenture holders as at the Balance Sheet date.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) As per the information and explanations given to us on an overall basis the term loans taken by the company have been applied for the purposes for which they were obtained.
- (xii) According to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the year.

**For M. L. PURI & COMPANY
CHARTERED ACCOUNTANTS**

(Navin Bansal)
PARTNER
(MEMBERSHIP NO. 091922)
FIRM REGD. NO. 002312N

**For CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS**

(V. K. Lalla)
PARTNER
(MEMBERSHIP NO. 080847)
FIRM REGD. NO. 001199N

Place: New Delhi
Date: 29th May, 2015

ANNEXURE "B"

M. L. PURI AND COMPANY
CHARTERED ACCOUNTANTS
407, NEW DELHI HOUSE,
27 BARAKHAMBHA ROAD,
CONNAUGHT PLACE
NEW DELHI - 110001

CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS
C-44, NIZAMUDDIN EAST,
NEW DELHI - 110013

COMPLIANCE CERTIFICATE

We have conducted the audit of the accounts of **National Fertilizers Limited** for the year ended 31st March, 2015 in accordance with the directions/sub-directions issued by the C&AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub-directions issued to us.

For M. L. PURI & COMPANY
CHARTERED ACCOUNTANTS

(Navin Bansal)
PARTNER
(MEMBERSHIP NO. 091922)
FIRM REGD. NO. 002312N

For CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS

(V. K. Lalla)
PARTNER
(MEMBERSHIP NO. 080847)
FIRM REGD. NO. 001199N

Place: New Delhi
Date: 29th May, 2015

Enclosed: Directions and Sub- Directions U/s 143(5) are attached

AUDIT REPORT OF NATIONAL FERTILIZERS LIMITED FOR THE YEAR 2014 -2015 PURSUANT TO DIRECTIONS UNDER SECTION 143 (5) OF THE COMPANIES ACT, 2013.

Directions for the year 2014-15

1. If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.

No, Company has not been selected for Disinvestment. However, Department of Disinvestment vide their letter No. F.No.3/3/2015-DoD-II-B dated 27.02.2015 have requested Company to furnish certain information with regard to requirement of increase in Company's public shareholding to atleast 25% (against existing 10%) within a period of three years under securities, contracts (regulation) (second amendment), Rules 2014. Company vide its letter dated 6.04.2015 have submitted the requisite information to Deptt. of Disinvestment in the matter.

2. Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons thereof and the amount involved.

During FY 2014-2015, there are no case of waiver/write off of debts/loans/interest etc.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.

The Company has maintained proper record for its inventories lying with third parties. There are no cases of assets received as gift from Govt. or other authorities.

4. A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.

The age-wise analysis of pending legal/arbitration cases is as under :

Period	No. of cases
Upto 1 year	19
1 to 5 year	88
5 to 10 year	47
More than 10 year*	111

The main reasons for the pendency are legal complexities involved in pursuance of cases and time taken by the Courts in disposal of matters.

*includes cases against M/s Karsan, its Executives, their relatives and associates, for which recovery suits have been filed by Company against identified assets in the names of individuals which have been attached by Civil/Criminal Courts in various jurisdiction spread over different countries.

The company has a adequate system for monitoring expenditure on all legal foreign and local cases.

Sub-Directions under section 143(5) of Companies Act 2013 for the year 2014-15.

1. Land

Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold for which title/lease deeds are not available.

Company has clear title/lease deeds for freehold and leasehold land respectively except in the following cases of freehold land:

Freehold land/ location	Area (in Acres)
Nangal Unit	2578
Bhatinda Unit	14.261
Vijaipur Unit	1250.254

2. Confirmation of balances

- (i) **Whether amount of (a) bank balances (b) trade receivables (c) trade payables (d) loans and advances for which third party confirmation was not made available has been reported?**

Yes, confirmation of balances has been received in majority of cases other than Govt. of India which forms major part of recoverable. The subsidy of ₹4975.41 crore and capital grant of ₹3374.59 crore receivable from the Govt. is subject to confirmation.

- (ii) **Where such balance have been confirmed by respective parties, whether it varies widely from the amounts reflected under respective heads in the financial statements, and if so, difference to be disclosed.**

There are no cases of wide variation from the amounts reflected under respective heads in the financial statements.

3. Reconciliation of deposits

Whether the deposits/advances made by the Company to the Customs, Excise, Income tax, Sales tax (VAT), Service tax and other authorities have been verified and reconciled with the respective authorities?

Yes, the deposits/advances made by the Company to the Customs, Excise, Income tax, Sales tax (VAT), Service tax and other authorities have been verified by us. However, it is not possible to reconcile the same with respective authorities.

4. Employee Benefits

Independent verification may be made of information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate, etc for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post-retirement medical benefits etc.

We have made independent verification of above information furnished by the Company to Actuary for the purpose of actuarial valuation of Defined Benefit Schemes.

5. Trade Receivables – Subsidy

Whether acceptance for the amount of subsidy outstanding has been received by the Company from the Government? If not, state the amount for which such acceptance/confirmation has not been received from the Government.

Subsidy amount of ₹4975.41 crore receivable from the Government as on 31.03.2015 is subject to confirmation/acceptance by the Government.

**For M. L. PURI & COMPANY
CHARTERED ACCOUNTANTS**

(Navin Bansal)
PARTNER
(MEMBERSHIP NO. 091922)
FIRM REGD. NO. 002312N

**For CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS**

(V. K. Lalla)
PARTNER
(MEMBERSHIP NO. 080847)
FIRM REGD. NO. 001199N

**Place: New Delhi
Date: 29th May, 2015**

BALANCE SHEET AS AT 31ST MARCH 2015

		As at 31 st March 2015	As at 31 st March 2014
			₹ Crore
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	490.58	490.58
Reserves and surplus	3	990.42	1003.41
		1481.00	1493.99
Deferred Government Grant	4	3373.01	3536.73
Non-current liabilities			
Long-term borrowings	5	1784.90	2631.81
Other Long term liabilities	6	38.91	48.32
Long-term provisions	7	189.05	166.55
		2012.86	2846.68
Current liabilities			
Short-term borrowings	8	5002.27	4039.19
Trade payables	9	174.42	362.98
Other current liabilities	10	1324.09	1423.99
Short-term provisions	11	87.34	48.69
		6588.12	5874.85
Total		13454.99	13752.25
Assets			
Non-current assets			
Fixed assets			
Tangible Assets	12	4416.72	4648.38
Intangible Assets	13	26.59	33.86
Capital work-in-progress	14	39.00	13.88
Non-current Investments	16	2.47	0.03
Deferred tax assets (Net)	17	67.70	60.35
Long-term loans and advances	18	30.73	46.70
Other non-current Assets	19	1591.60	2252.21
		6174.81	7055.41
Current assets			
Inventories	20	285.00	418.25
Trade receivables	21	5028.95	4629.31
Cash and bank balances	22	5.22	4.45
Short-term loans and advances	23	151.92	129.86
Other current Assets	24	1809.09	1514.97
		7280.18	6696.84
Total		13454.99	13752.25
Significant accounting policies	1		

The accompanying note Nos 1 to 50 form an integral part of these financial statements

For and on behalf of the Board of Directors

Raj Kumar Company Secretary A-11914	R.K. Chandio Director (Finance) DIN: 05146544	Capt. Pavan Kumar Kaul Director (Marketing) DIN: 03438497	Heera lal Samariya Chairman & Managing Director DIN: 00054859
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For M.L. Puri & Company
Chartered Accountants

Navin Bansal
Partner
Membership No. 091922
Firm Regd. No. 002312N

For Chandio & Guliani
Chartered Accountants

V.K. Lalla
Partner
Membership No.080847
Firm Regd. No. 001199N

Place: New Delhi
Date: 29th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

			₹ Crore
	Note	Year ended 31 st March 2015	Year ended 31 st March 2014
Revenue			
Revenue from operations (gross)	25	8553.20	8042.76
Less: Excise duty		33.51	25.73
Revenue from operations (net)		8519.69	8017.03
Other Income	26	42.07	37.41
Total Revenue (I)		8561.76	8054.44
Expenses			
Cost of Materials consumed	27	4348.41	4358.39
Purchase of Traded Goods	28	14.24	30.75
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	29	84.31	67.73
Employee Benefits Expense	30	475.44	417.42
Power and Fuel	31	2593.28	2423.77
Freight and Handling		392.07	377.92
Repairs and Maintenance	32	74.24	67.05
Finance Cost	33	301.36	203.89
Depreciation and Amortization Expense	34	72.56	129.17
Other Expenses	35	161.13	139.51
Total Expenses (II)		8517.04	8215.60
Profit/(Loss) before Exceptional item (III)=(I)-(II)		44.72	(161.16)
Exceptional Item			
Exceptional Item		-	-
Total Exceptional Item (IV)		-	-
Profit/(Loss) before Tax (V)=(III)-(IV)		44.72	(161.16)
Tax expenses:			
Current tax		10.80	-
Deferred tax		7.68	(71.52)
Earlier years' tax		-	0.07
Total Tax Expense (VI)		18.48	(71.45)
Profit/(Loss) for the year (VII)=(V)-(VI)		26.24	(89.71)
Significant accounting policies	1		
Expenditure during construction period (net)	15		
Earnings per equity share			
Basic / Diluted earnings per share of ₹10 each	36	0.53	(1.83)

There are neither extraordinary items nor discontinuing operations.

The accompanying note Nos 1 to 50 form an integral part of these financial statements

For and on behalf of the Board of Directors

Raj Kumar Company Secretary A-11914	R.K. Chandio Director (Finance) DIN: 05146544	Capt. Pavan Kumar Kaul Director (Marketing) DIN: 03438497	Heera lal Samariya Chairman & Managing Director DIN: 00054859
--------------------------------------------------	------------------------------------------------------------	------------------------------------------------------------------------	----------------------------------------------------------------------------

For M.L. Puri & Company
Chartered Accountants

Navin Bansal
Partner
Membership No. 091922
Firm Regd. No. 002312N

For Chandio & Guliani
Chartered Accountants

V.K. Lalla
Partner
Membership No.080847
Firm Regd. No. 001199N

Place: New Delhi
Date: 29th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	Year ended 31 st March 2015	₹ Crore Year ended 31 st March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) Before Tax	44.72	(161.16)
Adjustments For :		
Depreciation / Amortization	258.74	307.02
Finance Charges	301.36	203.89
Interest Income	(5.22)	(12.06)
Profit on Sale of Fixed Assets	(0.73)	0.13
Exchange Rate Variation (Net)	(4.94)	7.75
Provision for Doubtful Debts/ Advances	3.57	0.44
Stores and Spares write offs	4.21	3.31
Assets written off	2.93	0.39
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	604.64	349.71
Adjustments For :		
Trade and Other Receivables	(42.66)	(2763.92)
Inventories	129.04	(3.95)
Trade Payables, Provisions & Others Liabilities	(386.41)	816.62
Direct Taxes paid	(0.94)	(6.89)
NET CASH FROM OPERATING ACTIVITIES "A"	303.67	(1608.43)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including CWIP)	(113.77)	(157.34)
Purchase of Investment	(2.44)	-
Fixed Assets Sold/Discarded	22.42	12.65
Interest Received	5.22	12.06
NET CASH FROM INVESTING ACTIVITIES "B"	(88.57)	(132.63)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Working Capital Borrowings & Short Term Loans	963.08	2336.38
Long Term Loans	(876.05)	(393.02)
Interest Paid	(301.36)	(203.89)
NET CASH FROM FINANCING ACTIVITIES "C"	(214.33)	1739.47
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	0.77	(1.59)
Cash And Cash Equivalents (Closing Balance)	5.22	4.45
Cash And Cash Equivalents (Opening Balance)	4.45	6.04
NET INCREASE IN CASH AND CASH EQUIVALENTS	0.77	(1.59)

For and on behalf of the Board of Directors

Raj Kumar Company Secretary A-11914	R.K. Chandiok Director (Finance) DIN: 05146544	Capt. Pavan Kumar Kaul Director (Marketing) DIN: 03438497	Heera lal Samariya Chairman & Managing Director DIN: 00054859
For M.L. Puri & Company Chartered Accountants Navin Bansal Partner Membership No. 091922 Firm Regd. No. 002312N		For Chandiok & Guliani Chartered Accountants V.K. Lalla Partner Membership No.080847 Firm Regd. No. 001199N	

Place: New Delhi
Date: 29th May, 2015

Note 1 : SIGNIFICANT ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements

The financial statements are prepared on accrual basis, as a going concern, under the historical cost convention in accordance with the generally accepted accounting principles in India (GAAP) and the provisions of the Companies Act, 2013.

1.2 Use of Estimates

The preparation of the financial statements in conformity with GAAP in India requires management to make estimates and assumptions, wherever necessary, that affect the reported amount of assets and liabilities and contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period in which the results are known/materialized and the effect if material, disclosed separately.

1.3 Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (including Borrowing Cost) and expenses allocated wherever applicable during construction period, exchange gain/loss attributable to the asset less accumulated depreciation and impairment loss, if any.

Expenditure during construction attributable to the fixed assets incurred upto the date of commercial production is capitalized.

1.4 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

1.5 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. A qualifying asset is one, which necessarily takes a substantial period of time to get ready for the intended use. Other borrowing costs are charged to revenue in the period in which these are incurred.

1.6 Depreciation/Amortization

Depreciation on fixed assets is provided as per useful life specified under Schedule II of the Companies Act, 2013 on straight-line method on historical cost. For significant part of plant & machinery, useful life based on component approach is determined on Technical evaluation basis. In respect of Plant and Machinery, Computer and data processing units residual value of five percent and rupee one in respect of other Fixed Assets is retained.

Leasehold land and buildings are amortized over the lease period. Buildings constructed over leasehold land are depreciated at the useful life specified under Schedule II of the Companies Act, 2013, where the lease period is beyond the useful life of the building.

License and process know-how having future economic benefits is amortized on straight line method over a period of ten years or licence period, whichever is less.

Software, which is not integral part of related hardware, is treated as intangible asset and amortized on straight line method over a period of five years or its license period, whichever is less.

Depreciation on Mobile Phone Handsets is provided by considering useful life as two years and retaining residual value of 5%.

Depreciation on Fixed Assets whose actual cost does not exceed five thousand rupees, are provided at the rate of 100% and residual value of Rupee one is retained.

1.7 Investments

Long term investments are carried at cost, after providing for diminution in value, if it is of a permanent nature. Current investments are valued (individually) at lower of cost and quoted/fair value.

1.8 Inventories

Raw Materials, packing materials and stores & spares, are valued at lower of monthly weighted average cost and net realizable value.

In case of stores and spares not moved for more than two years and upto five years, provision for obsolescence is made at five percent per annum (on straight line basis) and charged to revenue. In case of stores and spares not moved for more than five years/identified as surplus or obsolete, value is taken as certified by Valuers and diminution, if any is charged to revenue.

Finished and semi-finished goods are valued at lower of annual average cost inclusive of excise duty where applicable and net realizable value based on the applicable Concession/Sale Price. In warehouses carrying Finished Goods of more than one Plant, the Plant wise finished stocks are determined on first-in-first-out basis and costs worked out accordingly.

Scrap and wastes are not valued.

1.9 Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of the transaction.

The value of assets and liabilities in foreign currency are translated at the exchange rate prevailing at the end of the year.

Exchange Gain/Loss on conversion of foreign currency transactions is recognized as income/expense except in case of long term liability, relating to acquisition of Fixed assets where the same are adjusted to the carrying cost of such assets.

Premium incurred on foreign currency forward contracts is amortized over the period of the contract.

1.10 Employees Benefits

Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Such shortfall on account of interest, if any, is recognized in the Statement of Profit and Loss.

Provision towards Defined Benefit Schemes is made based on the actuarial valuation as at the end of the year and is charged to Statement of Profit & Loss along with actuarial gains/losses and contribution made.

1.11 Adjustments pertaining to prior period and prepaid expenditure

Income/Expenditure pertaining to prior period and prepaid upto Rupee one lakh in each case not being considered material is included under the income/expenditure of the current year.

1.12 Revenue Recognition

Revenues are recognized as per AS-9 on Revenue Recognition.

Sales include excise duty wherever applicable and are net of rebates.

Price and Freight Subsidy is recognized based on in principle recognition/ notifications received from Fertilizer Industry Coordination Committee (FICC) an office of Government of India which regulates such subsidy. Escalation/De-escalation in notified rates is estimated taking into account the effect of guidelines, policies, instructions and clarifications given by the Government. The difference, if any based on final notification

received is treated as current year income or expenditure and the effect of change in estimate, if material, is disclosed separately.

Adjustment in Price and Freight subsidy, if any, is recognised in the year of payment of subsidy.

Sale of scrap/ waste materials is recognized on disposal.

1.13 Accounting for Government Grants:

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Government Grants received/receivable from Government or other authorities towards capital expenditure are treated as 'Deferred Government Grants' till utilization of grant. Government Grants are accounted for on accrual basis.

Fixed Assets acquired out of capital grants are treated on the basis of income approach and are treated as deferred income and recognized in the statement of Profit & Loss over the useful life of related assets and in proportion to which depreciation on these assets is provided.

Interest subsidy received/receivable from Government for changeover of Ammonia Feed Stock Conversion Project from FO/LSHS to Gas is recognized in the statement of Profit & Loss and deducted in reporting the related expense.

1.14 Claims

Pending settlement, claims made on underwriters /railways /others as assessed by the Company on a possible realization basis are recognized at the time of lodgement.

1.15 Leases

Lease arrangements, where the risks and rewards incidental to ownership of the asset substantially vest with the lessor, are recognized as an operating lease. Lease payments/receipts under operating lease are recognized as an expense/income in the Statement of Profit and Loss on a straight-line method over the period of lease.

1.16 Deferred Tax

The deferred tax resulting from timing differences between book profit and taxable profit for the year is accounted for, applying the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date.

Deferred tax assets are recognized to the extent there is a virtual certainty that the assets can be realized in future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

1.17 Earning Per Share

Basic earning per share is calculated by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 2 SHARE CAPITAL		
Authorized		
100,00,00,000 Equity Shares of Rs 10 each	1000.00	1000.00
Issued, Subscribed and Paid -up		
49,05,78,400 Equity Shares of Rs 10 each fully paid up	490.58	490.58
	490.58	490.58

a. There has been no movement in the Issued, Subscribed and Paid -up capital of the Company during the year.

b. Terms / Rights attached to equity shares

The Company has only one class of equity share having a face value of ₹10 per share. Each holder of equity share is entitled to one vote per share and entitled to dividends approved by shareholders.

In the event of liquidation of the company, the holders of equity share will be entitled to receive remaining assets of the company, after distribution to creditors and all preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder

c. Details of shareholders holding more than 5% shares in the company

Equity Shares of ₹10 each fully paid
Government of India

As at 31 st March 2015		As at 31 st March 2014	
No.	%	No.	%
440116292	89.71	441520560	90.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

		As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 3 RESERVES AND SURPLUS			
Capital Reserve			
As per last Balance Sheet		2.51	2.51
A		<u>2.51</u>	<u>2.51</u>
General Reserve			
As per last Balance Sheet		322.79	322.79
Transferred from Statement of Profit & Loss		1.62	-
Transferred from Debenture Redemption Reserve		7.53	-
Deferred Tax on Transitional Provision of Depreciation		15.03	-
Less: Adjustment as per Transitional Provision of Depreciation		44.22	-
B		<u>302.75</u>	<u>322.79</u>
Debenture Redemption Reserve			
As per last Balance Sheet		25.10	25.10
Less: Transferred to General Reserve		7.53	-
C		<u>17.57</u>	<u>25.10</u>
Corporate Social Responsibility (CSR) Reserve			
As per last Balance Sheet		5.48	-
Transferred from statement of Profit and Loss		0.15	5.48
Less: Transferred to statement of Profit and Loss (Refer Note 48)		0.37	-
D		<u>5.26</u>	<u>5.48</u>
Surplus in Statement of Profit & Loss			
As per last Balance Sheet		647.53	742.72
Less: Proposed Dividend		8.34	-
Less: Tax on Proposed Dividend		1.70	-
Less: Transferred to General reserve		1.62	-
Transferred from CSR reserve		0.37	-
Less: Transferred to CSR reserve		0.15	5.48
		636.09	737.24
Profit/(Loss) for the year transferred from Statement of Profit and Loss		26.24	(89.71)
Net Surplus	E	<u>662.33</u>	<u>647.53</u>
Total (A+B+C+D+E)		<u>990.42</u>	<u>1003.41</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 4 DEFERRED GOVERNMENT GRANT		
As per last Balance Sheet#	3536.73	2445.17
Add: Addition/Adjustment during the year (AFCP)*#	22.35	1269.41
Add: Addition/Adjustment during the year (Others)	0.11	-
Less: Depreciation on Fixed Assets against Govt Grant adjusted	186.18	177.85
	3373.01	3536.73

The Capital Grant from Govt. of India, Ministry of Chemicals & Fertilizers for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' vide sanction letter no. 14016/2/2007-FP(Vol.II) (2) dated 8.02.2010 for Panipat Unit, sanction letter no.14016/2/2007-FP (Vol. II)(1) dated 8.02.2010 for Bathinda Unit and sanction letter no.14016/2/2007-FP (Vol. II)(3) dated 8.02.2010 for Nangal Unit has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as per para 6.1 of Accounting Standard -12 on 'Accounting for Government Grants'. The Government would make payment of the above grant over a period of 5 years from the commencement of commercial production. The actual project cost that would be reimbursed shall be admitted after scrutiny by a team constituted by Government of India. The return on own funds shall be recognized on finalisation of project cost by the Government. Pending the finalisation of Project Cost, the subsidy recoverable has been adjusted by the subsidy amount received based on notified adhoc special fixed cost rate. Adjustments, if any, on account of final settlement of LSTK (Lump Sum Turn Key) contracts and due to actual sales realization of the redundant assets discarded after conversion will be made in the year of occurrence. While arriving at the amount of grant accrued to the Company, the deduction has been made for the amount of disposable value of discarded assets, currently at the written down value of the assets concerned.

*Represents addition to fixed assets in respect of Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat and Nangal units.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 5 LONG TERMS BORROWINGS		
Bonds/Debentures (Secured)		
9.42% Secured Redeemable Non - Convertible Bonds of ₹10,00,000/- each	40.16	70.28
Term Loans		
Rupee Loans from Banks (Secured)	1540.00	2310.00
Foreign Currency Loans - External Commercial Borrowing from Banks (Secured)	204.74	251.53
	1784.90	2631.81

- 1004 Nos 9.42% Secured Redeemable Non-Convertible Bonds (Previous Year 1004 Nos) of ₹10,00,000/- each issued with five years tenor redeemable at par in three installments at the end of third year from issue date of 15th September, 2011 (30% at end of 3rd year, 30% at the end of 4th year and balance 40% at end of 5th year). These bonds are secured by mortgage/charge on land and building of Company located at Corporate Office, Noida.
- Rupee loan from Banks for Ammonia Feedstock Conversion Projects as referred above is secured by first charge ranking pari-passu inter-se on entire fixed assets, movable and immovable (present & future) properties related to Nangal, Bathinda & Panipat units and second charge over the entire current assets and subsidy (excluding reimbursement related to energy savings and interest expenses) of the Company. Repayment of sanctioned term loan would fall due for repayment in 20 quarterly installments of ₹192.50 crore starting from June 2013 and ending in March 2018. The rate of interest on the term loan is linked to the SBI base rate and during the period interest rate was 11.50% p.a.
- Foreign Currency External Commercial Borrowing (ECB) loan from Banks, referred above has been used for energy saving and urea capacity augmentation projects at Vijaipur and is secured by first ranking pari-passu charge on all movable and immovable fixed assets (both present and future) related to Vijaipur unit and second ranking pari-passu charge on the current assets (both present and future) and subsidy of the Vijaipur Unit. The rate of interest is 6 months USD LIBOR plus margin of 3.05% p.a. and upfront arrangement fee of 1.58% of facility. Repayment of ECB loan has commenced from FY 2014-15. The repayment of ECB loan will fall due for ₹57.50 crore in FY 2015-16, ₹57.50 crore in FY 2016-17, ₹57.50 crore in FY 2017-18, ₹57.50 crore in FY 2018-19 and ₹32.24 crore in FY 2019-20.

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 6 OTHER LONG-TERM LIABILITIES		
Security Deposits	19.94	21.86
Others #	18.97	26.46
	38.91	48.32

Includes amount of ₹12.69 crore (Previous Year ₹8.70 crores) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF)/Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 7 LONG TERM PROVISIONS		
Provision for employee benefits	189.05	166.55
	<u>189.05</u>	<u>166.55</u>
* Item wise breakup of Provisions for employee benefits		
Earned Leave	66.95	60.55
Half Pay Leave	53.19	45.62
Post Retirement Medical Benefits	54.41	47.82
Post Retirement Settlement Benefits	1.02	0.95
Long Service Award	0.50	0.49
Social Security Benefits	5.31	4.99
Employees' Family Economic Rehabilitation Scheme	7.67	6.13
	<u>189.05</u>	<u>166.55</u>

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 8 SHORT TERM BORROWINGS		
Cash credit from Banks (Secured)	1964.17	848.65
Short Term loans from Banks (Secured)	25.00	2915.48
Short Term loans from Banks (Unsecured)	1513.10	275.06
Commercial Paper (Unsecured)	1500.00	-
	<u>5002.27</u>	<u>4039.19</u>

- a Cash credit from Banks are secured by first charge ranking pari-pasu inter-se against hypothecation of inventories, book debts and other current assets of the Company.
- b Short term loans from Banks are secured by pari-pasu charge against hypothecation of Government Subsidy, inventories, book debts and other current assets of the Company.

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 9 TRADE PAYABLES		
Trade Payable to Micro, Small and Medium Enterprises (MSMED)*	1.22	1.04
Others	173.20	361.94
	<u>174.42</u>	<u>362.98</u>

* Interest amount due to MSMED parties during the year is neither due/accrued/nor paid or payable.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

₹ Crore

	As at 31 st March 2015	As at 31 st March 2014
NOTE : 10 OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings *		
Bonds Secured	30.12	30.12
FROM BANKS		
Secured		
Foreign currency loans	57.50	51.52
Rupee Term Loans	770.00	770.00
Unsecured		
Foreign Currency Loans	-	35.12
Security Deposits	78.94	72.31
Interest accrued but not due on borrowings	3.85	3.13
Interest accrued and due on borrowings	0.14	0.48
Advances from customers	37.43	23.91
Creditors for Capital Works	208.75	321.88
Unclaimed dividend	0.04	0.05
Statutory Dues	67.17	70.26
Liability for employee benefits / remuneration	41.20	22.29
Others#	28.95	22.92
	1324.09	1423.99

* Details in respect of Interest and terms of repayment of long term borrowings are disclosed in Note 5.

Includes amount of ₹ 1.04 crore (Previous Year ₹1.05 crores) received in trust from disabled employees/legal heirs of deceased employee out of their Provident Fund (PF) / Gratuity amount under NFL Employees Family Economic & Social Rehabilitation Scheme.

₹ Crore

	As at 31 st March 2015	As at 31 st March 2014
NOTE : 11 SHORT TERM PROVISIONS		
Provisions for employee benefits*	67.16	48.56
Provision for Proposed Dividend	8.34	-
Provision for Tax on Proposed Dividend	1.70	-
Provision for Wealth Tax	0.13	0.13
Provision for Corporate Tax (Net)	10.01	-
	87.34	48.69
* Item wise breakup of provisions for employee benefits:		
Gratuity	33.70	16.02
Earned Leave	13.44	18.45
Half Pay Leave	11.08	7.09
Post Retirement Medical Benefits	5.84	3.93
Post Retirement Settlement Benefits	0.16	0.14
Long Service Award	0.10	0.10
Social Security Benefits	0.98	1.03
Employees' Family Economic Rehabilitation Scheme	1.86	1.80
	67.16	48.56

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE: 12 TANGIBLE ASSETS

₹ Crore

DESCRIPTION	Gross Block				Depreciation					Net Block	
	As at 1 st April, 2014	Additions	Deductions/ Adjustments	As at 31 st March, 2015	As at 1 st April, 2014	For the year	On Deductions/ Adjustments	Adjusted from Reserves	Upto 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
LAND											
- Freehold	11.92	-	-	11.92	-	-	-	-	-	11.92	11.92
- Leasehold	12.71	-	0.13	12.58	6.19	0.14	0.10	-	6.23	6.35	6.52
BUILDINGS											
- on Freehold Land	176.67	0.31	-	176.98	49.50	6.16	-	8.32	63.98	113.00	127.17
- on Leasehold Land	86.13	-	-	86.13	40.93	7.15	-	7.06	55.14	30.99	45.20
Leasehold Buildings	1.36	0.13	-	1.49	0.88	0.06	(0.10)	-	1.04	0.45	0.48
Plant and Machinery	6681.29	85.52	50.38	6716.43	2264.04	241.82	36.98	16.78	2485.66	4230.77	4417.25
Furniture and Fixtures	12.97	0.12	0.08	13.01	11.98	0.16	0.06	0.17	12.25	0.76	0.99
Vehicles	3.33	-	-	3.33	2.02	0.28	-	0.04	2.34	0.99	1.31
Office Equipment's	6.10	0.24	(3.59)	9.93	3.83	0.72	(3.60)	1.06	9.21	0.72	2.27
Others :											
Electrical Installations	72.42	0.18	(4.35)	76.95	56.48	1.22	(3.81)	7.49	69.00	7.95	15.94
Railway Sidings	12.73	-	-	12.73	12.29	0.02	-	0.34	12.65	0.08	0.44
EDP Equipment's	12.52	0.80	0.41	12.91	10.29	1.20	0.38	0.37	11.48	1.43	2.23
Other Equipment's	34.90	1.19	0.35	35.74	18.24	3.93	0.33	2.59	24.43	11.31	16.66
As at 31st March, 2015	7125.05	88.49	43.41	7170.13	2476.67	262.86	30.34	44.22	2753.41	4416.72	4648.38
As at 31st March, 2014	5690.49	1481.34	46.78	7125.05	2200.14	300.44	23.91	-	2476.67	4648.38	3490.35

- Title/Lease Deed for land acquired at Nangal (₹0.93 crore), Vijaipur (₹4.36 crore), Bathinda (₹0.15 crore), Building at Scope Complex, New Delhi (₹2.07 crore) and Building at Bhopal (₹0.51 crore) are pending execution.
- Land Measuring 325.70 acres at Nangal (₹ 0.12 crore) had been symbolically possessed by the Punjab Government on 29.10.1998 without determination of consideration. Though the ownership of the entire land including 325.70 acres vests with the Company, however, the physical possession of 325.70 acres of land is with its erstwhile owners.
- Effective from 1st April, 2014, the Company has charged depreciation based on the remaining useful life of the assets as per the requirements of Schedule-II of the Companies Act, 2013. Company has adopted Useful life of 25 years as prescribed in Schedule II for Main Plant & Machinery of Ammonia and Urea plants being continuous process plants. Further the useful life of significant parts of Plant & Machinery viz Reformer Package & Instrumentation has been determined as 15 years and for Heat Exchangers, Pumps, Turbines & CO2 booster as 20 years based on technical evaluation. Consequent to this, depreciation accounted for the year ended Mar, 2015 in the financial results is lower by ₹ 49.44 Crores. In case of assets whose useful lives have ended the carrying value, net of residual value, as on 1st April 2014 amounting to ₹ 29.19 Crores (₹ 44.22 crores carrying amount less ₹ 15.03 crores deferred tax asset) has been adjusted to the opening reserves as on 1st April 2014 pursuant to the provisions of Schedule-II of Companies Act, 2013. Consequently the carrying amount of Fixed Assets is higher by ₹ 5.22 crores (₹ 49.44 crores less ₹ 44.22 crores) "
- Ammonia Feed Stock Conversion Projects from 'LSHS/FO' to 'Gas' at Bathinda, Panipat & Nangal Unit under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production have been capitalised on 11th March, 2013, 28th March, 2013 and 18th July, 2013 respectively. Accordingly, Fixed assets (Gross) include assets amounting to ₹3741.36 crore(Previous Year ₹3718.93) represented by capital grant as disclosed in Note: 4 Deferred Government Grant.
- Addition to Fixed Assets during the year included expenditure during construction period (refer Note No.15)
- Buildings includes office premises given on operating lease. The details of such leased premises are as under:

	Current Year	Previous year
Original Cost	2.14	2.58
Accumulated depreciation upto 31 st March 2015	0.97	1.00
Net Written Down Value as at 31 st March 2015	1.17	1.58
Depreciation recognized in Statement of Profit and Loss	0.04	0.05
Impairment losses recognized in Statement of Profit and Loss	-	-
Impairment losses reversed in Statement of Profit and Loss	-	-

- In terms of notification No. G.S.R 914(E) dated 29th December, 2011 relating to AS 11 issued by Ministry of Corporate affairs and consequent upon exercising of option by the company to treat long term foreign currency loan as long term foreign currency monetary items as per Clause 46A (i) of AS-11, an amount of ₹15.44 crore (Previous Year ₹37.88 crore) has been included in the addition to Fixed Assets/Capital Work in Progress as on 31st March, 2015. The unamortized amount of exchange difference as on 31.03.2015 is ₹56.31 crore (Previous Year ₹42.83crore).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE: 13 INTANGIBLE ASSETS

₹ Crore

DESCRIPTION	Gross Block				Depreciation					Net Block	
	As at 1 st April, 2014	Additions	Deductions/ Adjustments	As at 31 st March, 2015	As at 1 st April, 2014	For the year	On Deductions/ Adjustments	Adjusted from Reserves	Upto 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
Computer Software	2.33	0.21	0.15	2.39	1.91	0.22	0.15	-	1.98	0.41	0.42
Licence and Know-how	54.59	0.08	-	54.67	21.15	7.34	-	-	28.49	26.18	33.44
As at 31st March, 2015	56.92	0.29	0.15	57.06	23.06	7.56	0.15	-	30.47	26.59	33.86
As at 31st March, 2014	26.68	20.57	(9.67)	56.92	16.51	6.59	0.04	-	23.06	33.86	10.17

₹ Crore

NOTE : 14 CAPITAL WORK-IN-PROGRESS

Buildings	0.01	-
Plant and Machinery	33.84	10.60
Capital Stores	5.15	3.28
Expenditure during Construction period pending allocation	-	-
	39.00	13.88

**As at
31st March 2015**

**As at
31st March 2014**

₹ Crore

NOTE : 15 EXPENDITURE DURING CONSTRUCTION PERIOD

Opening Balance	(A)	-	144.96
Add: Expenditure during the year:			
Employees' Remuneration & Benefits		-	0.77
Power & fuel		-	9.20
Project Management fee		-	0.78
Other Expenses		-	0.07
Depreciation		-	0.01
Start-up Expenses (net)		-	(87.41)
Price Reduction on AFCP		-	(2.35)
Finance cost		-	39.05
Total	(B)	-	(39.88)
Total Expenditure	(A+B)	-	105.08
Less: Transfer to Fixed Assets		-	105.08
Closing balance carried over		-	-

**As at
31st March 2015**

**As at
31st March 2014**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

₹ Crore

	As at 31 st March 2015	As at 31 st March 2014
NOTE: 16 NON-CURRENT INVESTMENTS (UNQUOTED)		
Trade Investments		
a) Investment in joint venture #		
180002 Equity shares with face value of ₹10 each fully paid up in Urvarak Videsh Limited	0.18	0.18
Provision for diminution in value of investments	(0.15)	(0.15)
	0.03	0.03
2440004 Equity shares with face value of ₹10 each fully paid up in Ramagundam Fertilizers & Chemicals Limited (RFCL)	2.44	-
	2.47	0.03
b) Investment in Co-operative Societies		
1250 shares with face value of ₹10 each fully paid up in NFL Employees' Consumer co-operative stores	*	*
100 shares with face value of ₹50 each fully paid up in NFL Employees' Consumer co-operative stores	*	*
300 shares with face value of ₹10 each fully paid up in New India Co-operative Bank	*	*
	2.47	0.03
Aggregate amount of unquoted investments	2.62	0.18
Aggregate provision for diminution in value of investments	(0.15)	(0.15)
	2.47	0.03

In compliance with Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures". The Reporting information is as under :

Joint controlled entity

Name of the Company	Country of Incorporation	Percentage of ownership interest as on	
		31.03.2015	31.03.2014
Urvarak Videsh Limited	India	33.33	33.33
Ramagundam Fertilizers & Chemicals Limited	India	26.00	-

Urvarak Videsh Limited, a joint venture with Krishak Bharti Co-operative Limited and Rashtriya Chemicals & Fertilizers Limited has been setup for fertilizer business and rendering consultancy services in this regard.

Ramagundam Fertilizers & Chemicals Limited, a joint venture with Engineers India Ltd. & Fertilizer Corporation of India has been incorporated on 17th Feb., 2015 for revival of closed Fertilizer Unit of FCIL at Ramagundam, Telengana.

* Being less than ₹50,000/-, figures not given.

The Company's share in the shares in the assets and liabilities and in the Income and expenditure for the year in respect of above Joint Ventures, based on audited/unaudited Financial Statements as furnished by them, is as under: (Final adjustments are effected during the year in which audited financial statement are received).

Amount in ₹

Particulars	2014-15	2013-14
Assets	20540619	353077
Non- Current Assets	4869	6015
Current Assets	20535750	347062
Liabilities & Provisions	21184	16131
Non Current Liabilities		
Current Liabilities & Provisions	21184	16131
Income	29873	30529
Expenditure	28369	29406

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	As at 31 st March 2015	As at 31 st March 2014
NOTE: 17 DEFERRED TAX ASSETS (NET)		
Deferred tax assets (A)		
Impact of expenditure and provisions charged to the Statement of Profit and Loss during the year but allowed on deferred /actual payment basis for Tax purposes.	97.18	84.24
Impact of losses/ unabsorbed depreciation carried forward for tax purposes #		
Losses carried forward	79.65	94.67
Unabsorbed depreciation	48.28	49.00
(A)	<u>225.11</u>	<u>227.91</u>
Deferred tax liability (B)		
Fixed assets: Impact of difference between depreciation as prescribed under Income Tax Act, 1961 and depreciation/ amortization charged in Statement of Profit and Loss.	157.41	167.56
(B)	<u>157.41</u>	<u>167.56</u>
Net deferred tax assets (A-B)	<u>67.70</u>	<u>60.35</u>

#Deferred Tax Assets amounting to ₹127.93 crore (net) have been recognized as on 31st Mar, 2015 in respect of losses carried forward and unabsorbed depreciation for set-off against taxable income in future based on Notification No. 12012/3/2010-FPP(II) dated 3rd April, 2014 of Modified New Pricing policy of urea by Government of India and New Urea Policy-2015 for existing gas based urea manufacturing units based on notification No. 12012/1/2015-FPP dated 25th May, 2015 thereby having convincing evidence of certainty of utilization of deferred tax assets.

	As at 31 st March 2015	As at 31 st March 2014
NOTE : 18 LONG TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Capital advances A	0.29	1.49
Loans to employees (including interest accrued)		
Secured, considered good B	14.05	15.12
Security Deposits C	12.20	10.44
Advances		
Employees	1.91	2.63
Others D	<u>2.28</u> <u>4.19</u>	<u>17.02</u> <u>19.65</u>
Total (A+B+C+D)	<u>30.73</u>	<u>46.70</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 19 OTHER NON-CURRENT ASSETS		
Capital Grant Recoverable from Government of India (GOI)#	1580.72	2252.21
Deposits with original maturity of more than one year (Kept as Margin Money against Bank Guaranties.)	10.88	-
	<u>1591.60</u>	<u>2252.21</u>

#Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia Feed Stock Conversion Project (AFCP) from 'LSHS/FO' to 'Gas' as stated in Note:4 Deferred Government Grant.

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 20 INVENTORIES		
Raw materials	0.98	2.61
Add: In transit	<u>-</u> 0.98	<u>0.57</u> 3.18
Packing Materials	4.69	7.17
Add: In transit	0.55	0.81
Less: Provision for Obsolescence	<u>0.05</u> 5.19	<u>0.03</u> 7.95
Stores and spares	178.61	232.19
Add: In transit	12.20	1.85
Less: Provision for Obsolescence	<u>2.46</u> 188.35	<u>1.84</u> 232.20
Semi-finished goods	22.81	31.70
Finished goods	25.65	51.05
Add: In transit	<u>42.02</u> 67.67	<u>92.17</u> 143.22
	<u>285.00</u>	<u>418.25</u>

Inventories have been valued at lower of cost (including excise duty where applicable) or net realizable value considering Accounting Policy No.1.8 (Note 1)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	As at 31 st March 2015		₹ Crore As at 31 st March 2014	
NOTE : 21 TRADE RECEIVABLES				
Debts outstanding for a period more than six months from the date they are due for payment				
Subsidy (Government of India)	29.41		16.61	
Others	<u>11.38</u>	40.79	<u>11.78</u>	28.39
Other debts				
Subsidy (Government of India)	4946.00		4521.06	
Others	<u>53.47</u>	4999.47	<u>91.37</u>	4612.43
Provision for doubtful receivables		(11.31)		(11.51)
Total		<u>5028.95</u>		<u>4629.31</u>
Aggregate of trade receivables:				
Unsecured, considered good (including debts backed by bank guarantees ₹0.61 crore, previous year ₹0.41 crore)		5028.95		4629.31
Unsecured, considered doubtful		11.31		11.51
Provision for doubtful receivables		(11.31)		(11.51)
		<u>5028.95</u>		<u>4629.31</u>

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 22 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents:		
Cash on hand	0.09	0.08
Cheques in hand/remittances in transit	3.08	2.24
Balances with banks		
Current accounts	0.17	0.38
Unclaimed dividend account	0.04	0.05
Other Bank Balances		
Deposits with original maturity of more than 3 Months but less than 12 Months (Kept as Margin Money against Bank Guaranties.)	1.84	1.70
	5.22	4.45

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

		As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 23 SHORT TERM LOANS AND ADVANCES			
Unsecured, considered good unless otherwise stated			
Loans to employees (including interest accrued)			
Secured, considered good	A	2.76	3.31
Security Deposits	B	5.41	5.20
Advances			
Contractors		0.72	0.31
Suppliers #		138.09	140.05
Employees *		1.62	2.77
Claims recoverable		2.63	2.40
Recoverable/Balances with customs and excise authorities		14.64	0.56
Tax refunds		91.56	89.97
Tax (net of provision)		-	1.44
Fixed deposit as case property **		1.32	1.32
Others		32.79	20.14
		283.37	258.96
Unsecured, considered good from above		143.75	121.35
Unsecured, considered doubtful from above		139.62	137.61
Provision for doubtful advances		(9.98)	(7.97)
Provision for doubtful advances appropriated from reserve		(129.64)	(129.64)
	C	143.75	121.35
Total (A+B+C)		151.92	129.86
* Includes amount due from Director		-	-
Maximum amount due at any time during the period from Director		-	₹23,900/-

Includes an advance of ₹130.69 crore (Previous year ₹130.69 crore) given to a foreign supplier M/s. Karsan during the year 1995-96 against import of Urea, the supplies of which were not received and subsequently the contract was terminated. Pending litigation, the net advance of ₹129.64 crore (after recovery of ₹1.05 crore) has been fully provided for in the earlier years from the revenue reserve and surplus.

** As per direction of Court an amount of ₹1.32 crore (Previous Year ₹1.32 crore) is being kept as case property.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE: 24 OTHER CURRENT ASSETS		
Capital Grant recoverable from Government of India (GOI)*	1471.18	1264.14
Interest Subsidy recoverable from Government of India	322.69	234.90
Unamortized premium on foreign currency forward contracts	-	0.28
Assets held for disposal **	15.22	15.65
	1809.09	1514.97

* Capital Grant recoverable from Government of India represents the grant to be disbursed by Government of India for Ammonia feed stock conversion project from 'LSHS/FO' to 'Gas' as disclosed in Note 4.

** Assets held for sale includes ₹13.55 crore (Previous Year ₹13.55 crore) being the written down value of the assets discarded upon commissioning of changeover of feed stock from LSHS/FO to Gas projects as stated in Note 4.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

₹ Crore

	Year ended 31 st March 2015	Year ended 31 st March 2014
NOTE : 25 REVENUE FROM OPERATIONS		
Sale of products		
Finished goods	2077.18	1962.06
Traded goods	14.88	32.78
(a)	<u>2092.06</u>	<u>1994.84</u>
Other operating revenue		
Subsidy from Government of India		
Finished goods (Urea)		
Price subsidy*#	6112.87	5716.69
Freight subsidy	348.27	331.23
(b)	<u>6461.14</u>	<u>6047.92</u>
Revenue from operations (gross) (a)+(b)	8553.20	8042.76
Less: Excise duty	33.51	25.73
Revenue from operations (net)	<u>8519.69</u>	<u>8017.03</u>
Details of products sold (including subsidy)		
Finished goods		
Urea	8399.39	7930.83
Others	105.42	53.42
	<u>8504.81</u>	<u>7984.25</u>
Traded goods		
Seeds	12.55	26.59
Others	2.33	6.19
	<u>14.88</u>	<u>32.78</u>
	<u>8519.69</u>	<u>8017.03</u>
\$ Subsidy includes Past Period Subsidy and differential amount for the earlier years notified during the current year		
Price Subsidy (Urea)*#	88.48	3.30
Freight Subsidy (Urea)	4.31	4.10
	<u>92.79</u>	<u>7.40</u>

* Includes Subsidy pertaining to reimbursement of Purchase Tax of ₹73.61 crore for the period 1st April 2003 to 31st March 2006 of Vijaipur Unit.

Consequent to the order of Honourable Delhi High Court on 14.05.2015 as an interim measure, in response to the petition filed by Fertilizer Association of India for recognition of marketing margin on RIL gas used in Urea, Company has taken credit of ₹21.98 crore towards subsidy income for the years 2009-10 to 2014-15, pending final settlement by DOF. Amount of ₹21.98 crore includes past period subsidy of ₹18.55 crore pertaining to the period 2009-10 to 2013-14.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

₹ Crore

	Year ended 31 st March 2015	Year ended 31 st March 2014
NOTE : 26 OTHER INCOME		
Interest income		
Term Deposits	0.93	1.94
Loan to employees	1.10	1.31
Others	3.19	8.81
(A)	<u>5.22</u>	<u>12.06</u>
Other non-operating income		
Rent	15.06	15.75
Profit on sale of Fixed Assets (Net)	0.73	(0.13)
Exchange rate variation (net)	4.94	(7.75)
Sale of Scrap	6.37	9.44
Miscellaneous income	9.75	8.04
(B)	<u>36.85</u>	<u>25.35</u>
(A+B)	<u>42.07</u>	<u>37.41</u>

₹ Crore

	Year ended 31 st March 2015	Year ended 31 st March 2014
NOTE: 27 COST OF MATERIAL CONSUMED		
Raw Material (A)		
Inventory at the beginning of the year	3.17	0.05
Purchases	4169.74	4207.50
	<u>4172.91</u>	<u>4207.55</u>
Less: Inventory at the end of the year	0.98	3.17
Cost of raw material consumed	<u>4171.93</u>	<u>4204.38</u>
Packing material (B)	132.29	121.17
Stores and spares (C)	44.19	32.84
Cost of material consumed (A+B+C)	<u>4348.41</u>	<u>4358.39</u>
Itemwise break up of raw material consumed		
LSHS	-	0.06
Natural Gas	4121.48	4172.64
Others	50.45	31.68
	<u>4171.93</u>	<u>4204.38</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

₹ Crore

NOTE 28 PURCHASE OF TRADED GOODS

Traded goods purchased

Seeds

Others

Year ended
31st March 2015

12.10

2.14

14.24

Year ended
31st March 2014

25.37

5.38

30.75

NOTE: 29 (INCREASE)/DECREASE IN INVENTORIES

Opening inventories

Semi-Finished

Finished goods

Year ended
31st March 2015

31.70

143.22

174.92

Year ended
31st March 2014

26.73

216.05

242.78

Closing inventories

Semi-Finished

Finished goods

22.81

67.67

90.48

31.70

143.22

174.92

(Increase)/decrease in inventories

84.44

67.86

Less: Excise duty included in change in inventories

0.13

0.13

Net (Increase)/decrease in inventories

84.31

67.73

NOTE: 30 EMPLOYEE BENEFITS EXPENSE

Salaries, Wages and Bonus

Contribution to Provident and Other Funds

Contribution to Gratuity

Welfare expenses #

Total

Year ended
31st March 2015

378.67

40.33

18.00

38.44

475.44

Year ended
31st March 2014

363.84

37.74

(2.73)

18.57

417.42

Includes payment of ₹1.90 crore (Previous Year ₹1.96 crore) paid to disabled employees/legal heirs of deceased employees under NFL Employee Family Economic and Social Rehabilitation Scheme.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

₹ Crore

NOTE : 31 POWER AND FUEL

	Year ended 31 st March 2015	Year ended 31 st March 2014
Purchased power	151.23	103.23
Coal	494.97	487.85
Natural gas	1927.07	1814.07
Others	20.01	18.62
	2593.28	2423.77

₹ Crore

NOTE : 32 REPAIR AND MAINTENANCE

	Year ended 31 st March 2015	Year ended 31 st March 2014
Plant and machinery	58.97	55.23
Buildings	7.92	5.52
Others	7.35	6.30
	74.24	67.05

₹ Crore

NOTE : 33 FINANCE COSTS

INTEREST :

Interest :

	Year ended 31 st March 2015	Year ended 31 st March 2014
Cash credit	177.14	119.52
Short term loans	90.21	46.05
Rupee Term Loan	310.39	348.35
Less: Interest Subsidy recoverable/received from Government of India*	310.39	348.35
Others	35.17	36.64
Other Borrowing Cost	1.76	1.68
Exchange difference to the extent considered as adjustment to borrowing cost	(2.92)	-
	301.36	203.89

*Represents Government of India Grant towards interest on borrowed funds taken for Feed Stock Conversion Project from 'LSHS/FO' to 'Gas' at Panipat, Bhatinda & Nangal Unit under the Government Policy.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	Year ended 31 st March 2015	₹ Crore Year ended 31 st March 2014
NOTE : 34 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation / Amortization on tangible assets	295.40	300.43
Amortization of intangible assets	<u>7.56</u>	<u>6.59</u>
	302.96	307.02
Less : Depreciation on fixed assets against Govt Grant adjusted (Refer Note: 4)	186.18	177.85
Less : Depreciation Adjusted from General Reserve (Refer Note:3)	<u>44.22</u>	<u>-</u>
	72.56	129.17

	Year ended 31 st March 2015	₹ Crore Year ended 31 st March 2014
NOTE : 35 OTHER EXPENSES		
Rent	4.94	4.57
Rates and taxes	5.30	2.94
Insurance	10.00	9.65
Auditors' remuneration:		
Audit Fee	0.19	0.17
Tax Audit Fee	0.05	0.05
Certification and other fee	0.09	0.07
Out of pocket expenses	<u>0.03</u>	<u>0.03</u>
	0.36	0.32
Cost Audit Fee	0.04	0.03
Security Expenses	39.83	35.57
Printing and Stationery	1.08	1.25
Advertisement, Publicity and Sales Promotion	2.30	1.81
Directors' Fees	0.05	0.05
Telephone and Postage	1.19	1.21
Travelling	13.41	14.07
Water Charges	16.07	15.61
Provision for:		
Doubtful Advances	3.15	0.44
Others	<u>0.64</u>	<u>0.24</u>
	3.79	0.68
Write Off:		
Stores and spares	3.57	3.07
Others	<u>3.35</u>	<u>0.39</u>
	6.92	3.46
Legal Expenses	1.16	1.12
Bank Charges	3.00	2.92
Demurrage and Wharfage	2.44	2.56
Cash Discount	5.54	5.27
Retailer Margin	18.40	15.57
Miscellaneous expenses	<u>25.31</u>	<u>20.85</u>
	161.13	139.51

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	Year ended 31 st March 2015	₹ Crore Year ended 31 st March 2014
NOTE : 36 EARNING PER EQUITY SHARE:		
Profit/(Loss) after Tax (₹ Crore)	26.24	(89.71)
Number of Equity shares	490578400	490578400
Face value per share (₹)	10	10
Basic / Diluted earnings per share (₹)	0.53	(1.83)

The Company has not issued any security which will have the effect of diluting earnings on equity.

	As at 31 st March 2015	₹ Crore As at 31 st March 2014
NOTE : 37 CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debts		
a. Pending Appellate/Judicial decisions:		
Income tax	293.47	272.61
Purchase tax	1.30	1.30
Excise, customs and service tax	25.14	174.74
Value Added Tax	0.56	0.53
Land compensation/development claims	6.26	6.00
Arbitration and civil cases	68.35	48.18
b. Other claims	0.97	0.91
c. Claims in respect of legal cases filed against the company for labour and other matters, amount whereof is not ascertainable		
	<u>396.05</u>	<u>504.27</u>

Note 38 CAPITAL AND OTHER COMMITMENTS

(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances). The amount as at 31 st Mar, 2015 includes Project contracts relating to changeover of feedstock from Fuel oil to natural gas at Nangal, Panipat and Bathinda unit ₹4.56 crore (As at 31 st March 2014 ₹20.09 crore) and Purge Gas recovery Project at Vijaipur ₹1.03 crore (As at 31 st March, 2014 ₹1.29 crore relates to Energy Saving & Capacity Enhancement Project).	27.34	70.48
(ii) Unutilized amount of Letter of Credit	2.59	19.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

39.1 AS-15 (REVISED): EMPLOYEE BENEFITS

39.1.1 General description of defined benefit schemes:

Gratuity	Payable on separation @ 15 days pay for each completed year of service subject to maximum of ₹10 lakh to eligible employees who render continuous service of 5 years or more.
Leave Encashment {Earned Leave (EL) and Half Pay Leave(HPL)}	Payable on separation to eligible employees who have accumulated earned leave and half pay leave. During the service period encashment of accumulated earned leave is allowed in a financial year leaving minimum balance leave of 30 days.
Post Retirement Medical Benefits (PRMB)	Mediclaim Insurance Policy available to the retiring employee and the spouse (for a cover of ₹2 lakhs per annum) after rendering 15 years of continuous service.
Post Retirement Settlement Benefits (PRSB)	Travelling and Baggage expenses payable to retiring employees for settlement at their home town.
Long Service Award (LSA)	Payable to employees on completion of specified years of service.
Legal heirs of deceased employees and disabled employees (separated) can opt for either of the following two schemes:	
Social Security Benefits (SSB)	Lump sum benefit payable for left over month of service limited to 60 month pay (maximum ₹9.00 lakhs with minimum benefits of ₹1.00 lakhs).
Employees' Family Economic Rehabilitation Scheme (EFERS)	Monthly payment along with medical and children education benefits in lieu of prescribed deposit upto the date of notional superannuation.

39.1.2 Provident Fund:

The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

During the year an amount of ₹ 27.54 crore (P.Y. ₹ 28.49 crore) has been charged to statement of Profit and loss towards contribution by the Company.

In terms of the guidance on implementing the revised AS-15 issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, the Provident Fund Trust set up by the Company, is treated as Defined Benefit Plan since the Company has to meet the shortfall in the fund assets, if any. Further, having regard to the assets of the Fund and the Return on the Investments, the Company does not expect any deficiency in the foreseeable future. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability and determined that there is no shortfall as at 31st March, 2015.

The funds of the trust have been invested under various securities as prescribed by regulatory authorities.

39.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ Crore

Gratuity		EL		HPL		PRMB		PRSB		LSA		PF	
14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14

(i) Reconciliation of present value of defined benefit obligations and plan assets:

1 Present value of projected benefit obligations at beginning of the year	179.31	188.25	79.00	76.79	52.71	51.54	51.75	59.84	1.09	1.11	0.59	0.66	864.87	797.35
2 Service Cost	3.99	4.87	16.39	3.04	2.00	2.06	1.53	1.80	0.04	0.05	0.03	0.03	28.66	28.83
3 Past Service Cost	(0.16)	-	-	-	-	-	0.12	0.12	-	-	-	-	-	-
4 Interest Cost	15.13	14.15	6.38	5.53	4.50	3.92	4.95	4.76	0.09	0.09	0.05	0.05	76.12	63.97
5 Actuarial (Gains) / Losses	13.42	(7.42)	6.20	26.63	11.54	(0.07)	3.16	(13.46)	0.06	(0.04)	0.04	0.03	(21.98)	(9.40)
6 Benefits Paid	(25.73)	(20.54)	(27.58)	(32.99)	(6.48)	(4.74)	(1.26)	(1.31)	(0.10)	(0.12)	(0.11)	(0.18)	(87.28)	(64.19)
7 Plan Participant's Contribution	-	-	-	-	-	-	-	-	-	-	-	-	49.77	48.28
8 Transfer in	-	-	-	-	-	-	-	-	-	-	-	-	0.35	0.03
9 Present value of projected benefit obligations at close of the year [1 to 6]	185.96	179.31	80.39	79.00	64.27	52.71	60.25	51.75	1.18	1.09	0.60	0.59	910.51	864.87
10 Fair Value of Plan assets at close of the year	(152.26)	(163.29)	-	-	-	-	-	-	-	-	-	-	(1026.93)	(958.38)
11 Net Liability recognized in Balance Sheet at close of the year [7-8]	33.70	16.02	80.39	79.00	64.27	52.71	60.25	51.75	1.18	1.09	0.60	0.59	-	-

(ii) Reconciliation of fair value of assets and obligations [Refer Foot Note 1 below]:

1 Fair value of plan assets at beginning of the year	163.29	169.28	-	-	-	-	-	-	-	-	-	-	958.38	793.28
2 Acquisition adjustment	-	-	-	-	-	-	-	-	-	-	-	-	50.12	48.31
3 Expected Return on plan assets	14.70	14.60	-	-	-	-	-	-	-	-	-	-	86.59	71.08
4 Actual Company's contribution	-	-	-	-	-	-	-	-	-	-	-	-	27.90	28.44
5 Actuarial Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-	-	(8.78)	81.46
6 Benefits payments	(25.73)	(20.59)	-	-	-	-	-	-	-	-	-	-	(87.58)	(64.19)
7 Fair value of plan assets at close of the year	152.26	163.29	-	-	-	-	-	-	-	-	-	-	1026.63	958.38
8 Present value of defined benefit obligation	185.96	179.31	-	-	-	-	-	-	-	-	-	-	910.51	864.87

39.1.3 Other disclosures/reconciliation, in respect of defined benefit obligation are as under:

₹ Crore

	Gratuity		EL		HPL		PRMB		PRSB		LSA		PF	
	14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14
9 Net liability recognized in the Balance Sheet at close of the year [8-7]	33.70	16.02	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Expenses recognized in the Statement of Profit & Loss:														
1 Service Cost	3.99	4.87	16.39	3.04	2.00	2.06	1.53	1.80	0.04	0.05	0.03	0.03	28.66	28.83
2 Past Service Cost	0.03	-	-	-	-	-	-	0.13	-	-	-	-	-	-
3 Interest Cost	15.13	14.15	6.38	5.53	4.50	3.92	4.95	4.76	0.09	0.09	0.05	0.05	76.12	63.97
4 Actuarial (Gains) / Losses	13.42	(7.42)	6.20	26.63	11.54	(0.07)	3.16	(13.46)	0.06	(0.04)	0.04	0.03	(13.20)	(90.85)
5 Expected return on Plan Assets	(14.70)	(14.60)	-	-	-	-	-	-	-	-	-	-	(86.59)	(71.08)
6 Total charged to P&L Account	17.87	(3.00)	28.97	35.20	18.04	5.91	9.64	(6.77)	0.19	0.10	0.12	0.11	-	-

(iv) Effect of one percentage point change in the assumed inflation rate in case of valuation of benefits under Post Retirement Medical Benefit Scheme (PRMB):

	Increase in inflation rate		Decrease in inflation rate	
	14-15	13-14	14-15	13-14
1 Increase/(Decrease) on aggregate service and interest cost of post retirement medical benefits	1.16	0.91	(0.91)	(0.74)
2 Increase/(Decrease) in present value of closing defined benefit obligations	8.89	8.61	(7.17)	(6.99)

	As at 31 st March 2015	As at 31 st March 2014
(v) Actuarial assumptions:		
1 Method used	Projected Unit credit	Projected Unit credit
2 Discount Rate (per annum)	7.80%	9.15%
3 Estimated rate of return on plan assets (applicable only on Gratuity)	9.50%	9.50%
4 Mortality Rate	Indian assured lives mortality (2006-08) modified ultimate	Indian assured lives mortality (2006-08) modified ultimate
5 Withdrawal Rates (per annum) upto 30 / 44 and above 44 years	Executives and Non Executives 3%/2%/1%, depending upon age	Executives and Non Executives 3%/2%/1%, depending upon age
6 Medical Cost Trend Rates (per annum)	8.00%	8.00%
7 Salary escalation taking into account inflation rate, seniority, promotion and other relevant factors	5.50%	5.50%

	As at 31 st March 2015	As at 31 st March 2014
(vi) Actuarial assumptions (PF):		
1 Discount Rate (per annum)	7.80%	8.85%
2 Interest Rate Guarantee	8.75%	8.75%
3 Yield on Assets based on the Purchase Price and Outstanding term of maturity	8.77%	9.08%

Foot Note:

- The company has funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is mainly based on the information given by the insurance companies through whom the investment has been made by the fund. Gratuity liability of ₹ 33.70 crore (Previous year ₹16.02 crore) is unfunded as on 31st March, 2015. Other defined benefit obligations are unfunded.

39.1.4 OTHER EMPLOYEE BENEFIT SCHEMES:

Provision of ₹1.87 crore (Previous year ₹1.69 crore) towards Employees' Family Economic Rehabilitation Scheme and Social Security Benefits scheme has been made on the basis of actuarial valuation and charged to the Statement of Profit and Loss account. A net liability of ₹15.82 crore (Previous year ₹13.95 crore) has been recognized in the Balance Sheet as at 31st March, 2015 on account of these schemes.

Note 40 AS-17: SEGMENT REPORTING

Business Segments:

Company's primary business segments are 'Urea' & 'Other Products' (including Industrial Products, Bio Fertilizers and Traded Products) and are reportable segments under Accounting Standard-17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

40.1.1 GEOGRAPHICAL SEGMENT:

The operations of the company are conducted within India and there is no separate reportable geographical segment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

40.1.2 The disclosure of segment-wise information is as below:

	Year ended	
	31 st March 2015	31 st March 2014
₹ Crore		
<u>SEGMENT REVENUE (NET SALES)</u>		
Urea	8399.39	7930.83
Other Products	142.69	92.89
Less: Inter Segment Revenue	22.39	6.69
Total Segment Revenue	8519.69	8017.03
<u>SEGMENT RESULTS</u>		
Urea	385.90	87.04
Other Products	(2.02)	(19.55)
Total Segment Results	383.88	67.49
Less: Unallocable Expenses (Net of Unallocable Income)	37.80	24.76
Less : Interest expenses	301.36	203.89
Profit Before Tax	44.72	(161.16)
Provision for Tax	18.48	(71.45)
Profit After Tax	26.24	(89.71)
<u>SEGMENT ASSETS</u>		
Urea	13077.96	13396.52
Other Products	133.94	143.42
Unallocable	243.09	212.31
Segment Assets	13454.99	13752.25
<u>SEGMENT LIABILITIES</u>		
Urea	4256.71	6377.97
Other Products	17.49	17.64
Unallocable	7699.79	5862.65
Segment Liabilities	11973.99	12258.26
<u>CAPITAL EXPENDITURE</u>		
Urea	86.63	1376.26
Other Products	1.05	125.56
Unallocable	1.10	0.11
Capital Expenditure	88.78	1501.93
<u>DEPRECIATION AND AMORTISATION</u>		
Urea	64.79	121.95
Other Products	6.83	5.74
Unallocable	0.94	1.48
Depreciation and Amortisation expenses	72.56	129.17
<u>NON-CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION</u>		
Urea	10.16	4.04
Other Products	-	-
Unallocable	(5.12)	7.98
Non-cash expenses	5.04	12.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 41 AS-18: RELATED PARTY DISCLOSURES

A) Nature of Relationship

Joint Ventures

Name of the Related Party

Urvarak Videsh Limited
Ramagundam Fertilizers & Chemicals Limited

B) Nature of Relationship

Key Management Personnel

Name of the Related Party

- (i) Heera Lal Samariya,
Chairman & Managing Director w.e.f 01.03.2015
- (ii) Ms. Neeru Abrol,
Chairperson & Managing Director upto 28.02.2015
- (iii) Capt. P.K. Kaul,
Director (Marketing)
- (iv) Shri M. Sagar Mathew
Director (Technical)
- (v) Shri R. K. Chandiok
Director (Finance) w.e.f 10.02.2015
- (vi) Shri Sunil Bhatia
GM (F&A) l/c w.e.f 12.08.2014 upto 9.02.2015
- (vii) Shri Tek Chand
Company Secretary upto 31.07.2014
- (viii) Shri Rajkumar
Company Secretary w.e.f. 1.08.2014

C) Transactions with Related parties:

- (i) During the year contribution of Share Capital of ₹2.44 crore has been made in Ramagundam Fertilizers & Chemicals Limited, Joint Venture Company Incorporated on 17.02.2015. There is no other transaction with related parties at A) above during the year (previous year Nil).
- (ii) Remuneration to Key Management Personnel at B) above is ₹1.42 crore (Previous period ₹0.66 crore). In addition to the above they are eligible for non monetary perquisites as per Government of India guidelines.

Note 42: AS-28: IMPAIRMENT OF ASSETS

In accordance with Accounting Standard (AS)-28, the carrying amount of fixed assets have been reviewed at year-end for indication of impairment loss, if any, by considering assets of entire one plant as Cash Generating Unit. As there is no indication of impairment, no loss has been recognized during the year.

Note 43: ASSETS TAKEN ON OPERATING LEASE:

The Company's significant leasing arrangements are in respect of operating leases of premises for offices, godowns and residential use of employees & vehicles. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employee benefit expense remuneration and benefits include ₹ 0.13 crore (Previous year ₹0.15 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, godowns and vehicles, ₹ 3.52 crore (Previous year ₹ 3.58 crore) are shown in Rent (other expenses Note: 35).

Note 44 DISCLOSURE REGARDING PRIOR PERIOD ITEMS (AS-5)

Exchange difference to the extent considered as adjustment to borrowing cost

Depreciation

	As at 31 st March 2015	As at 31 st March 2014
Exchange difference to the extent considered as adjustment to borrowing cost	2.93	-
Depreciation	-	0.39
	<u>2.93</u>	<u>0.39</u>

₹ Crore

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

	Current year	₹Crore Previous year
Note 45 (a) Expenditure incurred in Foreign currency (on accrual basis)		
Consultancy & professional charges	0.77	13.12
Interest	10.78	13.60
Others	6.05	0.05
	<u>17.60</u>	<u>26.77</u>
 (b) Value of import (calculated on CIF basis)	 Current Year	 ₹Crore Previous year
Capital goods	19.40	29.77
Components and spare parts	11.65	8.45
	<u>31.05</u>	<u>38.22</u>
 (c) Value of raw material consumed	 Current year	 Previous year
	₹ Crore %	₹ Crore %
Imported	- -	- -
Indigenous	4171.93 100	4204.38 100
 (d) Value of stores and spares consumed		
Imported	2.59 3.93	6.55 13.21
Indigenous	63.33 96.07	43.05 86.79
	<u>65.92 100.00</u>	<u>49.60 100.00</u>

Note 46 As per requirements of the listing agreements with the stock exchanges, the requisite details of loans and advances in the nature of loans given by the Company are as under:

- There are no loans and advances in the nature of loans to any subsidiary.
- No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and
- There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

Note 47 REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDENDS

The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders.

	Current year	Previous year
a) Number of non resident shareholders	-	-
b) Number of ordinary shares held by them	-	-
c) Amount of Dividend (₹ in Crore)	-	-

Note 48 The Company has opening CSR Reserve of ₹5.48 crore in respect of unspent CSR budget. CSR reserve of ₹ 0.15 crore has been created during the year through appropriation from surplus in Profit & Loss Account thereby making total CSR reserve of ₹5.63 crore. Against CSR reserve of ₹5.63 crore, the company has incurred an amount of ₹0.37 crore (Previous Year ₹0.76 crore) towards Corporate Social Responsibility activities leaving balance CSR fund of ₹5.26 crore as on 31.03.2015.

Note 49 (a) Balance of subsidy recoverable of ₹4975.41 crore and Capital Grant recoverable of ₹3374.59 crore is subject to confirmation by Government of India. In addition some of the Balances of trade/other payable and loans and advances are subject to confirmation/reconciliation. Adjustment if any will be accounted for on confirmation/reconciliation of the same which in the opinion of the management will not have a material impact.

(b) In the opinion of the management, the value of assets, other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the balance sheet.

Note 50 Figures of previous year have been re-arranged / regrouped / re-cast, wherever necessary.

For and on behalf of the Board of Directors

Raj Kumar Company Secretary A-11914	R.K. Chandiok Director (Finance) DIN: 05146544	Capt. Pavan Kumar Kaul Director (Marketing) DIN: 03438497	Heeralal Samariya Chairman & Managing Director DIN: 00054859
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For M.L. Puri & Company
Chartered Accountants

Navin Bansal
Partner
Membership No. 091922
Firm Regd. No. 002312N

For Chandiok & Guliani
Chartered Accountants

V.K. Lalla
Partner
Membership No.080847
Firm Regd. No. 001199N

Place: New Delhi
Date: 29th May, 2015

SECRETARIAL AUDIT REPORT

Annexure

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

{Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,

The Members,

National Fertilizers Limited.

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate Practices by **National Fertilizers Limited** (hereinafter called NFL/the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the NFL's books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the informations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial period ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by NFL ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Compliances/ processes/ systems under other applicable Laws to the Company are being verified on the basis of periodic certificate submitted to the Board of Directors of the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(Not applicable for the Audit period).

- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Etc. mentioned above subject to the following observations:

(i) Observation 1:

*In terms of Proviso to Section 149 (1) read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, also read with Clause 49 (II) (A) & (B) of the Listing Agreement, Company shall have at least one **woman director** on the Board of the Company.*

(ii) Observation 2:

In terms of Section 149 (4) & (5) read with Schedule IV (VIII) of Companies Act 2013 and Clause 49 (II)(B)(5) of listing Agreement, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

In terms of Section 178(2) of the Companies Act, 2013, the Nomination and Remuneration Committee shall carry out evaluation of every director's performance.

In terms of Section 149 (8), the company and independent directors shall abide by the provisions specified in Schedule IV. Schedule IV lays down a Code for independent directors. As per Schedule IV (VII) (1) & (3), the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management to:

- (a) *review the performance of non-independent directors and the Board as a whole.*
- (b) *review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.*
- (c) *assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.*

I further report that in view of the above, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except of appointment of Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever required.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : New Delhi

Date : 05th August, 2015

For Agarwal S. & Associates,
Company Secretaries

Sachin Agarwal
FCS No. : 5774
CP No. : 5910

Annexure

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

{Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,

The Members,

National Fertilizers Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : New Delhi
Date : 05th August, 2015

For Agarwal S. & Associates,
Company Secretaries

Sachin Agarwal
FCS No. : 5774
CP No. : 5910

Management's Reply to the observations of Secretarial Auditor Report for the financial year 2014-15.

Sr. No.	Observations	Reply
1.	In terms of Proviso to Section 149 (1) read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, also read with Clause 49 (II) (A) & (B) of the Listing Agreement, Company shall have at least one Woman Director on the Board of the CompanyCompany.	Company was having a woman director on its Board till 27.02.15 Ms.NeeruAbrol, who retired as Chairman & Managing Director on attaining the age of superannuation.The functional Directors are appointed by or on the recommendations of theDepartment of Fertilizers. Company has taken up the issue with the DoF from time to time.
2.	<p>In terms of Section 149 (4) & (5) read with Schedule IV (VIII) of Companies Act 2013 and Clause 49 (II)(B)(5) of listing Agreement, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.</p> <p>In terms of Section 178(2) of the Companies Act, 2013, the Nomination and Remuneration Committee shall carry out evaluation of every director's performance.</p> <p>In terms of Section 149 (8), the company and independent directors shall abide bythe provisions specified in Schedule IV. Schedule IV lays down a Code for independent directors. As per Schedule IV (VII) (1) & (3), the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management to:</p> <p>(a) review the performance of non-independent directors and the Board as a whole.</p> <p>(b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.</p> <p>(c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.</p>	MCA vide its notification dated 5th June, 2015 has notified the Exemptions to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sub-Sections (2), (3) & (4) of Sec. 178 regarding appointment, performance evaluation and remuneration of Directors shall not apply to the Government Companies. The appointment of Directors on the Board of the Company is made by or on the recommendations of Government of India (GOI). Terms & conditions of appointment of Directors and their tenure are also decided by GOI. Administrative Ministry evaluates the Directors of Government Companies according to well laid down procedure for evaluation of Directors.

Corporate Governance Report

1. Company's Philosophy on code of Governance

Corporate governance is the set of principles, processes and systems to be followed by the Company for enhancement of shareholders value, keeping in view the interests of other stake-holders. The integrity, transparency and compliance with laws in all dealings with government, customers, suppliers, employees and other stake-holders are the objectives of good Corporate Governance.

Over the years, governance processes and systems have been strengthened at NFL. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics have been emphasized.

Company believes that good governance is a continuing exercise and reiterates its commitment to pursue highest standards in that regard. Company continuously reviews its policies and practices of Corporate Governance with a clear goal not merely to comply with the statutory requirements in letter and spirit but also constantly endeavours to implement the best practices of Corporate Governance.

Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders. Company is committed to achieve and maintain the highest standards in this regard.

Company is committed to the best governance practices that create long term sustainable shareholder value. Governance framework is based on the following principles:-

- Constitution of a Board of Directors having expertise in different fields.
- Timely flow of information to the Board and its Committees.
- A sound system of risk management and internal controls.
- Timely disclosure of material information to all stakeholders.
- Transparency and accountability.
- Compliance with all the applicable rules and regulations.

Over the years, Company has strengthened governance practices. These practices define the way business is conducted and value is generated. Stake holders interests are taken into account before making business decisions.

Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Board has established various Committees to discharge its responsibilities in an effective and transparent manner. The Chairman & Managing Director (C&MD) is responsible for overall implementation of the Company policies. In functioning of the Company, C&MD is assisted by three Whole-time Directors and senior level executives.

Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with stakeholders of the Company. Company has adopted various codes and policies to carry out the business in an ethical manner. Some of those codes and policies are as follows:-

- Code of Conduct For Board Members And Senior Management Personnel
- Terms and Conditions of Appointment of the Independent Directors
- The Code of Internal Procedures and Conduct for prohibition of insider trading in dealing with the securities of Company.
- Corporate Social Responsibility (CSR) Policy
- Health, Safety and Environment Policy.

- Risk Management Policy.
- Whistle Blower Policy
- Integrity Pact

2. BOARD OF DIRECTORS

2.1 Size of the Board

The Company is a Government Company within the meaning of Companies Act, 2013 as the President of India holds 89.71% of the paid-up Share Capital. Directors include Whole Time Directors, Government Nominee Directors (Promoters Director) and Independent Directors.

2.2 Composition of the Board

The Board of Directors as on 31st March 2015 comprised of nine Directors out of whom three were Whole-time Functional Directors, Director (Marketing) Director (Technical) and Director (Finance) and three Government of India nominees and Three Independent Directors. One Government nominee was holding the additional charge as Chairman and Managing Director. Brief profile of the Directors is set-out elsewhere in the Annual Report.

The Listing Agreement with the stock exchange stipulates that where the Chairman of the Board is a non-Executive Director, at least one third of the Board should comprise of Independent Directors and in case Chairman is an Executive Director, at least half of the Board should comprise of Independent Directors. In the absence of adequate number of Independent Directors, during the year, Board's composition was not in accordance with the Listing Agreement, as may be observed from the details given below:-

Period		Composition of the Board		
From	to	Total	Independent	Others
01.04.2014	05.05.2014	9	4	5
06.05.2014	22.05.2014	8	3	5
23.05.2014	30.06.2014	7	3	4
01.07.2014	16.07.2014	6	3	3
17.07.2014	03.08.2014	7	3	4
04.08.2014	10.02.2015	9	3	6
11.02.2015	27.02.2015	9	3	6
28.02.2015	01.03.2015	8	3	5
02.03.2015	31.03.2015	9	3	6

Company has been regularly taking up the matter with the Government of India to initiate necessary steps for appointment of adequate number of Independent Directors and appointment of woman Director to ensure compliance with the Listing Agreement.

As required under Clause 49 of the Listing Agreement and Companies Act, 2013 none of the Directors is a member of more than ten committees of the Board or Chairman of more than five committees in which he/she is a member.

During the year under review, Independent Directors did not have any other material or pecuniary relationship or transactions with the Company, its promoters or management apart from receiving sitting fees, which may affect independence of judgment of the Directors.

The Company has received declaration from all the independent Directors of the company confirming that they meet the prescribed criteria of independence.

2.3 Tenure of Directors

The age limit of Chairman & Managing Director and other whole-time functional Directors is sixty years. The Chairman & Managing Director and other whole-time Functional Directors are appointed for a period of five years from the date of taking charge or till the date of superannuation or till further instructions from the Government of India, whichever event occurs earlier. Government nominee Directors representing the Department of Fertilizers, Government of India, retire from the Board on ceasing to be officials of the Department of Fertilizers, Government of India. Independent Directors are appointed on the recommendations of the Government of India usually for a tenure of three years.

2.4 Other details relating to the Board

Details regarding tenure, number of other Directorships/Committee Memberships (viz. Business Development & Strategic Planning Committee, Audit Committee and Shareholders Grievance Committee, Nomination and Remuneration Committee, Health and safety Committee, Corporate Social Responsibility and sustainable Development Committee as per SEBI's Corporate Governance Code) held by Directors during the year are tabulated below:-

S. No.	Director (S/Shri)	Category	Tenure		In other Boards/Committees		
			From	To	Directorship	Membership	Chairmanship
01.	Manoj Mishra, CMD	CMD	03.06.2015	Continuing	-		
02.	Heera Lal Samariya, CMD	CMD	02.03.2015	03.06.2015	-		
03	Ms. Neeru Abrol, Director (Finance) Chairman & Managing Director	ED	02.05.2013 14.05.2014	14.05.2014 27.2.2015	1		
04.	Capt. Pavan Kumar Kaul, Director (Marketing)	ED	07.2.2011	Continuing	1	-	-
05	M. Sagar Mathews, Director (Technical)	ED	1.11.2013	Continuing	-	-	-
06.	Rajiv Kumar Chandiok Director (Finance)	ED	10.02.2015	Continuing	-		
07.	Satish Chandra Govt. Nominee Director	NED-Govt. Nominee	27.10.2008	30.6.2014	4	-	-
08	Suresh Chandra Gupta Govt. Nominee Director	NED-Govt. Nominee	12.9.2011	22.5.2014	2	1	-
09	Rajeev Yadav, Govt. Nominee Director	NED-Govt. Nominee	17.7.2014	Continuing	2		
10	Rakesh Kumar Govt. Nominee Director	NED-Govt. Nominee	04.08.2014	Continuing	-		
11.	Munikoti Niranjan Rao Independent Director	NEID	06.5.2011	5.5.2014	-	-	-
12.	M. Raman Independent Director	NEID	06.5.2013	Continuing	3		-
13.	Vikram Srivastava Independent Director	NEID	06.5.2013	Continuing	1	-	-
14.	Gurinderjit Singh Sandhu Independent Director	NIED	21.2.2014	Continuing	-	-	-

ED – Executive Director, NED – Non-Executive Director, NEID – Non-Executive Independent Director

2.5 Responsibilities

Board provides and evaluates the strategic direction of the Company. It has a formal schedule of subjects reserved for its consideration and decision, including review of corporate performance, financial resources, strategy formulation, policy and control, corporate planning, organizational structure and reporting to the shareholders.

2.6 Independent Directors

The independent directors play a vital role in the deliberations at the Board meetings and Audit Committee help with their wide-ranging experience in the field of Management, Governance, Finance, Audit, etc. The Independent Director brings an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct etc.

2.7 Board Meetings, Agenda & Minutes

The Company holds at least four Board meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. Apart from the four scheduled Board meetings, additional Board meetings are also convened to address the specific requirements.

All the departments in the Company communicate to the Company Secretary well in advance with regard to matters requiring approval of the Board. Agenda are generally circulated to the Board well in advance before the meeting. All material information is incorporated in the Agenda to facilitate meaningful and focused discussions at the meeting.

The Company Secretary while preparing the Agenda and Minutes of the Board meeting is required to ensure adherence to the provisions of the Companies Act, 2013 and other applicable laws. The Board also takes note of the minutes of the meetings of the various committees of the Board duly approved by their respective Chairman.

Important decisions taken at the Board/Committee Meetings are communicated promptly to the concerned departments of the Company. Action Taken Report on decisions / minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/Committee.

2.8 Meetings held

During the year, 08 Meetings of the Board were held on: 12th May, 2014, 28th May, 2014, 12th August, 2014, 16th September, 2014, 13th November, 2014, 17th December, 2014, 4th February, 2015 and 25th March, 2015. The Annual General Meeting was held on 5th September 2014. Details of attendance at the Board Meetings and Annual General Meeting are as follows:-

DIRECTORS (S/Shri)	Category	Board Meetings during respective tenure of Directors		Attendance at last Annual General Meeting
		Held	Attended	
Ms. Neeru Abrol	Chairperson & Managing Director	08	07	Present
Heera Lal Samariya	Chairman & Managing Director	08	01	-
Capt. Pavan Kumar Kaul	ED	08	08	Present
M.Sagar Mathews	ED	08	08	Present
Rajiv Kumar Chandiok	ED	08	01	-
Satish Chandra	NED-Govt. Nominee	08	01	-
Suresh Chandra Gupta	NED-Govt. Nominee	08	01	-
Rajiv Yadav	NED-Govt. Nominee	08	06	-
Rakesh Kumar	NED-Govt. Nominee	08	06	Present
Vikram Srivastava	NEID	08	08	Present
M.Raman	NEID	08	1	-
Gurinderjit Singh Sandhu	NEID	08	07	Present

ED – Executive Director, NED – Non-Executive Director, NEID – Non-Executive Independent Director

Notes:

1. Shri Munikoti Niranjan Rao ceased to be Director w.e.f. 5th May, 2014
2. Shri Suresh Chandra ceased to be Director on 22nd May, 2014
3. Shri Satish Chandra ceased to be Director w.e.f. 30th June, 2014
4. Shri Rajiv Yadav, joined as Director w.e.f. 17th July, 2014
5. Shri Rakesh Kumar, joined as Director w.e.f. 4th August, 2014
6. Shri Rajiv Kumar Chandiok, joined as Director (Finance) w.e.f. 10th February, 2015
7. Ms Neeru Abrol, Director, Chairperson & Managing Director retired on superannuation w.e.f. 27.02.2015.

2.9 Information placed before the Board of Directors, inter-alia includes

The Board has complete access to any information within the Company. The information regularly provided to the Board includes:

- Annual operating plans and budgets and any updates
- Capital budgets and any updates
- Quarterly Results of the Company
- Annual Accounts, Management Discussion Analysis, Directors' Report etc.
- Minutes of the Meetings of the Audit Committee and other Committees of the Board
- The information on recruitment and remuneration of senior executives just below the Board level, including appointment or removal of Company Secretary
- Major capital investments, formation of Joint Ventures, R&D project or technical collaboration agreement
- Significant labour problems and their proposed solutions. Any significant development in the areas of Human Resource/Industrial Relations like signing of wage agreement, Incentive Schemes, Medical facilities, implementation of Voluntary Retirement Scheme etc.
- Disclosure of Interest by Directors about Directorships and Committee positions occupied by them in other companies
- Report on compliance of various laws and Information relating to major legal disputes
- Short term Investment of surplus funds
- Status of Borrowings
- Any contract(s) in which Director(s) is/are deemed to be interested
- Award of large contracts
- Report on performance of various units/functions
- Review of risk factors including Foreign Exchange transactions
- Report on vigilance activities
- Other materially important information
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.

- Sale of material nature, of investments, satisfactory assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- Review of Whistleblower Policy of the Company.
- Review of Corporate Social Responsibility (CSR) Policy of the Company.
- Review of Health, Safety and Environment Policy.

2.10 Independent Directors Meeting:-

During the year under review, the Independent Directors met on 25th March, 2015 inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole.
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

3. Committees of the Board

The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness to ensure that stakeholders' long-term interests are served. The Board has constituted various Committees of Directors including Audit Committee, Share Transfer Committee, Investment Committee, and Committee on Corporate Social Responsibility & Sustainable Development, Health & Safety Committee, Business Development & Strategic Planning Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

Terms of reference and other details of Board Committees

3.1 Audit Committee

The Company endeavours that the constitution, quorum, scope etc. of the Audit Committee is in line with section 177 of the Companies Act, 2013, clause 49 of the Listing Agreement and guidelines on Corporate Governance as issued by Department of Public Enterprises. The scope of Audit Committee inter-alia includes the following:-

- Periodical review of the accounting policies and practices, financial statements of the Company and reports of the Auditors.
- Periodical discussions with the Auditors and to deliberate upon their findings, suggestions and review of adequacy of Internal Control System, Scope of Audit, Auditors' observations and other related matters besides compliance with Accounting Standards.
- Approval of Internal Audit Programmes and monitoring of their execution.
- Review of annual financial statements before submission to the Board for approval including matters required to be included in the Directors Responsibility Statement in terms of Clause "C" of Sub Section (3) of Section 134 of Companies Act, 2013, Accounting Policies and changes therein, audit reports & related party transactions disclosures, compliance with listing and other legal requirements relating to financial statements.
- Reviewing with the Management performance of statutory and internal auditors, the adequacy of internal control systems and suggestions for improvement including the structure of the Internal Audit Department, coverage, frequency of internal audit, significant observations, etc.
- Provide an avenue of communication between Internal Auditor, Statutory Auditor and Board of Directors.
- Review of outstanding and risks faced by the Company.
- Review of fee payable to Statutory Auditors.
- Review of Foreign Exchange Risk.

- Review of appointment/reappointment of Secretarial Auditor, Cost Auditors, Internal Auditors, Tax Auditors and their remuneration.
- Review and monitor the auditor's independence performance, and effectiveness of audit process.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the company, wherever it is necessary.

Composition & Attendance at the Meetings

During the year 2014-15 the Audit Committee met on 7 times i.e. 27th May, 2014, 11th August, 2014, 5th September, 2014, 17th October, 2014, 13th November, 2014, 28th January, 2015 and 4th February, 2015. In terms of requirement of the listing agreement, two third members of the Audit Committee are to be independent. As per Section 177 of the Companies Act, 2013, the Audit Committee shall have minimum three members and 2/3rd of those shall be other than Managing Director or Whole Time Directors.

The composition of the Audit Committee during 2014-15 and attendance at the meetings during the year 2014-15 was as follows:-

S. No	Name of Director (S/Shri)	Status	Tenure		Meetings during respective tenure	
			From	To	Held	Attended
01	Munikoti Niranjan Rao	Chairman	11.05.2011	05.05.2014	5	5
02	M. Raman	Member Chairman Member	29.05.2013 12.05.2014 12.08.2014	11.05.2014 11.08.2014 Continuing	7	-
03	Neeru Abrol	Member	12.05.2014	25.5.2014	-	-
04.	M. Sagar Mathews	Member	01.11.2013	Continuing	7	7
05.	Gurinderjit Singh Sandhu	Member Chairman	12.05.2014 12.08.2014	11.08.2014 Continuing	7	6
06.	Vikram Srivastava	Member	26.5.2014	Continuing	7	7

Note:

The Committee was :-

1. reconstituted on 12th May, 2014 when Shri Munikoti Niranjan Rao ceased to be Director on 5.5.2014 and Shri M. Raman appointed as Chairman.
2. reconstituted on 26th May, 2014, when Shri Vikram Srivastava was inducted as Member.
3. reconstituted on 12th August, 2014, when Shri G.S. Sandhu was appointed as Chairman and Shri M. Raman was inducted as Member.

Statutory Auditors attend the Audit Committee meetings. The Cost Auditors also attend these meetings when Cost Audit Report and related matters thereto are discussed. Corporate Finance Head, Head of Internal Audit and other Functional Heads are invited as Special Invitees. The Company Secretary acts as Secretary of the Committee.

3.2 Stakeholders relationship Committee:

The scope of the Stakeholders Relationship Committee inter-alia includes redressal of investors grievances especially transfer/transmission of shares, dividends, dematerialization, replacement of lost/stolen/mutilated share certificates, splitting, conversion and other related issues and strengthening of investor relations. The Company Secretary being the Compliance Officer is specifically entrusted with responsibility for redressal of shareholders and investors complaints and report the same to the Committee.

Composition

The composition of the Committee during the year 2014-15 and thereafter is as follows:-

S.No.	Name of Director (S/Shri)	Status	Tenure	
			From	to
01.	Vikram Srivastava	Chairman	29.5.2013	Continuing
02.	Rakesh Kumar	Member	12.8.2014	Continuing
03.	Rajiv Kumar Chandiok	Member	10.02.2015	Continuing
04.	Satish Chandra	Member	4.12.2012	30.6.2014
05.	Suresh Chandra Gupta	Member	29.5.2013	12.5.2014
06.	Neeru Abrol	Member	20.5.2013	14.5.2014

Summarized information on complaints

There were no complaints pending for redressal as on 31st March, 2015. Number of shareholders complaints received and resolved during the period 1st April, 2014 to 31st March, 2015 were as detailed below:-

Quarter ended	Complaints Received	Complaints Resolved	Complaints Pending
30.06.2014	25	25	NIL
30.09.2014	46	46	NIL
31.12.2014	3	3	NIL
31.03.2015	9	9	NIL
Total	83	83	NIL

3.3 Nomination and Remuneration Committee

Composition & Scope

The Company, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the Department of Fertilizers on behalf of the Hon'ble President of India. Independent Directors are paid sitting fees for attending the Board/Committee Meetings within the ceiling fixed under Companies Act, 2013.

Remuneration of employees consisting of basic pay, perquisites, performance Incentives, retirement benefits is regulated by Department of Public Enterprise, Government of India guidelines issued from time to time. Within the frame work of guidelines, Remuneration Policy of the Company aims to motivate employees to excel in performance, recognize their contribution, retain talent in the Organization and reward merit.

In terms of the guidelines of the Department of Public Enterprises, Government of India, every Central Public Sector Undertaking is required to constitute a Remuneration Committee headed by an Independent Director to decide the Annual Bonus/Variable Pay Pool and policy for its distribution across the executives and non-unionized supervisors. The Board has constituted a Nomination and Remuneration Committee and the constitution of the Committee for the year 2014-15 and thereafter is as follows:-

S.No.	Name of Director (S/Shri)	Status	Tenure	
			From	To
01	Munikoti Niranjana Rao	Chairman	11.5.2011	5.5.2014
02	Gurinderjit Singh Sandhu	Member	21.2.2014	11.5.2014
		Chairman	12.5.2014	Continuing
03.	M. Raman	Member	29.5.2013	Continuing
04	Vikram Srivastava	Member	29.5.2013	Continuing

3.4. Committee on Corporate Social Responsibility and Sustainable Development.

Committee on Corporate Social Responsibility and Sustainable Development has been constituted for formulating and monitoring the Corporate Social Responsibility and Sustainable Development Plans of the Company and their execution. The Committee has also been empowered to look into matters related to sustainability and inclusive governance. Committee's prime responsibility is to assist the Board in discharging its Corporate social responsibilities. Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013. The present constitution of the Committee is as below:-

S. No.	Name (S/Shri)	Status
1.	Gurinderjit Singh Sandhu	Chairman
2.	Vikram Srivastava	Member
3.	Capt. Pavan Kumar Kaul	Member

3.5. Health & Safety Committee

Composition of the Committee

S. No.	Name (S/Shri)	Status
1.	Vikram Srivastava	Chairman
2.	M. Raman	Member
3.	M. Sagar Mathews	Member

Health and Safety Committee is primarily responsible to monitor and ensure the highest standards of environment, health and safety. Committee also review compliance of applicable safety systems, procedures, rules and regulations on safety, occupational health and environmental protection and safety audit in various departments/ units.

3.6. Committee on Business Development & Strategic Planning

Composition of the Committee

S. No.	Name (S/Shri)	Status
1.	M. Raman	Chairman
2.	Vikram Srivastava	Member
3.	G.S. Sandhu	Member
4.	M. Sagar Mathews	Member

Business Development and Strategic Planning Committee has been put in place to evolve the growth strategy of the Company. Committee is responsible to make recommendations in all matters relating to strategic planning, strategic alliances, joint ventures, diversifications, new business areas.

4. Remuneration and Sitting Fee paid to Directors during 2014-15

4.1 Remuneration to Executive Directors

(₹Lacs)

Name of the Director (S/Shri)	Salary including perks	Retirement Benefits	Total
Heera Lal Samariya (w.e.f 01.03.2015 to 03.06.2015)	-	-	-
Neeru Abrol (w.e.f. 01.04.2014 to 28.02.2015)	0.28	0.06	0.34
Capt. Pavan Kumar Kaul Director (Marketing)	0.30	0.02	0.33
M. Sagar Mathews	0.25	0.02	0.27
R.K. Chandiok Director (Finance) w.e.f. 25.02.2015	0.04	0.00	0.04
Sunil Bhatia GM(F&A) I/c (w.e.f. 12.08.2014 to 25.02.2015)	0.09	0.01	0.10
Tek Chand Company Secretary Upto 31.07.2014	0.08	0.08	0.15
Raj Kumar Company Secretary w.e.f 01.08.2014	0.17	0.02	0.19
Total	1.21	0.21	1.42

No sitting fee is payable to Government Nominee and Executive Directors.

4.2. Sitting Fee to Independent Directors

The Non-executive Independent Directors are paid sitting fee of ₹10,000 for attending each meeting of the Board/ Committee thereof. Sitting fee paid to Independent Directors during 2014-2015 was as follows:-

(Amount in ₹)

Name of the Independent Director (S/Shri)	Board Meetings	Audit Committee and other Meetings	Total
Munikoti Niranjana Rao	-	-	-
Vikram Srivastava	80000	150000	230000
M. Raman	10000	-	10000
Gurinderjit Singh Sandhu	70000	140000	210000
Total	160000	290000	450000

4.3 Stock Options

The Company has not issued any stock options during the year under review.

4.4 Shares Issued to Employees:-

Under the offer for sale to NFL employees sold 1404268 shares, 0.29% of paid-up capital to the Employees in June, 2014.

5. General Body Meetings:

5.1 Details of last three Annual General Meetings held are as follows:-

Type of Meeting	Date of Meeting	Time	Place	Details of Special Resolution(s) passed, if any
YEAR 2011-12				
Annual General Meeting	11.09.2012	11.30 AM	Air Force Auditorium, Subroto Park, New Delhi - 110010	A Special Resolution as Item No.7 was passed to alter the Articles of Association by insertion of Article 37AA providing for buyback of shares. The modification was subject to approval of President of India. As the approval could not be received within 30 days of passing of Special Resolution, same got elapsed.
YEAR 2012-13				
Annual General Meeting	17.9.2013	10.30 AM	Air Force Auditorium, Subroto Park, New Delhi – 110010	A Special Resolution as Item No.6 was passed to alter the Articles of Association by insertion of Article 37AA providing for buyback of shares.

Type of Meeting	Date of Meeting	Time	Place	Details of Special Resolution(s) passed, if any
YEAR 2013-14				
Annual General Meeting	05.09.2014	10.30 AM	Dr. Sarvepali Radha Krishanan Auditorium, Kendriya Vidyalaya, Delhi Cantt.	A Special resolution as Item No. 8 was passed u/s 180(1)(c) to borrow to meet capital requirements.

5.2 None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

5.3 Extraordinary General Meeting

No Extraordinary General Meeting was held during the year.

6. Disclosures:

- No transaction of a material nature has been entered into by the Company with the Directors, senior management personnel and their relatives that may have potential conflict with the interest of the Company except as disclosed under the related party transactions as per AS-18 "Related Party Disclosures", which are set out in the Annual Report.
- The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties / strictures have been imposed against the Company during the last three years.
- The Company has complied with all the mandatory requirements except for appointment of requisite number of Independent Directors on the Board and adopted part of the non-mandatory requirements.

7. Details of non-compliance by the Company, penalties & strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets during the last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures were imposed by the Stock Exchanges or SEBI or any other statutory authority.

8. Compliance Officer

Shri Raj Kumar, Company Secretary is the Compliance Officer.

9. Means of Communication

- Quarterly (unaudited but limited review by Auditors) and annual audited financial results of the Company as recommended by the Audit Committee and approved by the Board are submitted to the Stock Exchanges.
- Quarterly/Annual Financial Results for 2014-2015 were published in prominent newspapers as below: -

Quarter ended	Date of publication	News Paper
30 th June, 2014	13 th August, 2014 (English) 14 th August, 2014 (Hindi)	The Times of India, Navbharat Times (Hindi), The Economic Times
30 th September, 2014	14 th November, 2014	The Times of India, Navbharat Times (Hindi), The Economic Times
31 st December, 2014	5 th February, 2015 (English) 6 th February, 2015 (Hindi)	The Times of India, Navbharat Times (Hindi), The Economic Times
31 st March, 2015	28 th May, 2015	The Indian Express, Jansatta (Hindi) and The Financial Express

- Shareholding pattern at the end of each quarter is also conveyed to the Stock Exchanges.
- The quarterly/annual financial results and Shareholding Pattern are also made available at the website of the Company.
- Stock Exchanges are kept posted with the changes in composition of Board of Directors.
- All official Press Releases are posted on the Company website.
- Company has designated exclusive email ID investor@nfl.co.in for the investors.

10. General Shareholder Information

(i) Company's Registration Details

The Company is registered in the state of Delhi. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is :- L74899DL1974GOI007417

(ii) Annual General Body Meeting

Date: 23rd September, 2015 at 10.30 AM

Venue : Weight Lifting Hall, Jawahar Lal Nehru Stadium, New Delhi.

(iii) Address for Communication:-

- Scope Complex, Core III, 7, Institutional Area, Lodhi Road, New Delhi – 110 003.
- A-11, Sector-24, Noida – 201 301.

(iv) Website

Shareholders related information e.g. Annual Report, Quarterly Financial Results, shareholding pattern etc. is available at Company's website www.nationalfertilizers.com,

Telephone numbers and E-Mail Reference for communication are given below:-

	Telephone No.	FAX No.
Registered Office	011-24360066	011-24361553
Investor Services Cell	0120-2412322 PBX: 0120- 3292201-08	0120-2411132 & 0120-2412397
E-Mail ID	investor@nfl.co.in	
Company Secretary Mr. Raj Kumar	0120-2412322	0120-2411132

v) Financial Calendar for FY 2014-15

Particulars	Date
Accounting Period	1 st April, 2014 to 31 st March, 2015
Un-audited Financial Results for the first three quarters quarter	Within a period of 45 days from the end of each
Fourth Quarter Results	Audited Results on or before 31 st May 2015
AGM (Next Year)	September, 2015 (Tentative)

vi) Book Closure

The Register of Members and Share Transfer Books will remain closed from 17.09.2015 to 23.09.2015 (both days inclusive).

vii) e-Voting

Members will be provided facility to exercise their right to vote at the 41th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL). The e-voting facility will be available from 20th September, 2015 (from 09.00 AM) to 22nd September, 2015 (upto 5.00 PM).

viii) Payment of Dividend

Board of Directors have recommended a dividend of 1.70% on paid up capital for the financial year 2014-15.

ix) Listing on Stock Exchanges

Equity Shares

Company's equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Ltd.

Bombay Stock Exchange Limited

Scrip Code:	NSE : NFL	BSE : 523630
Demat ISIN No. in NSDL and CDSL	INE870D01012	

Debt Securities

The debentures issued by the Company are listed at Wholesale Debt Market (WDM) of NSE.

Debenture Trustees

IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001

x) Market Price Data

Monthly high and low price of shares of the Company during the financial year on the Bombay Stock Exchange (BSE) and National Stock Exchange were as follows:-

BSE

Month	Stock Prices of the Company	
	High (₹)	Low (₹)
April, 2014	27.50	24.15
May, 2014	40.35	24.30
June, 2014	48.00	37.75
July, 2014	47.20	33.65
August, 2014	38.50	32.30
September, 2014	38.90	31.90
October, 2014	35.70	32.00
November, 2014	40.35	34.00
December, 2014	40.10	32.95
January, 2015	40.70	36.00
February, 2015	42.80	35.00
March, 2015	36.25	25.40

Face Value per Share is ₹10

NSE

Month	Stock Prices of the Company	
	High (₹)	Low (₹)
April, 2014	27.40	24.05
May, 2014	40.20	24.30
June, 2014	47.90	37.50
July, 2014	47.20	33.60
August, 2014	38.45	32.35
September, 2014	38.90	31.90
October, 2014	35.80	32.00
November, 2014	40.40	34.90
December, 2014	40.15	33.00
January, 2015	40.85	36.05
February, 2015	42.80	35.00
March, 2015	36.65	25.45

Face Value per Share is ₹10

xi) Registrar and Share Transfer Agent

M/s. Mas Services Limited,
T-34, 2nd Floor, Okhla Industrial Area,
Phase-II, New Delhi – 110 020.
PH: 011-26387281-83 FAX: 011-26387384
Email: mas_serv@yahoo.com

xii) Distribution of Shareholding

Shares held by different type of shareholders as on 31st March, 2015 are given below:-

(a) According to size:

No. of Equity Shares held	Number of Shareholders	%age of Total	No. of shares held	%age of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	46987	91.381	2951146	0.602
501 to 1000	2219	4.316	1917032	0.391
1001 to 2000	950	1.848	1513933	0.309
2001 to 3000	349	0.679	920934	0.188
3001 to 4000	198	0.385	720088	0.147
4001 to 5000	173	0.336	831483	0.169
5001 to 10000	327	0.636	2476145	0.505
10001 & above	216	0.420	479247639	97.690
Total	51419	100.00	490578400	100.00

(b) Shareholding Pattern

	Category	Number of Shares held	%age of shareholding
(A)	Shareholding of Promoter and Promoter Group (Government of India)		
I	Indian	440116292	89.71
II	Foreign	-	-
	Sub Total	440116292	89.71
(B)	Public shareholding Institutions		
I	Institutions	29379353	5.99
II	Non-institutions	21082755	10.28
	Sub Total	49057840	10.28
	GRAND TOTAL	490578400	100.00

(xiii) Outstanding GDRs, ADRs, Warrants or any convertible instruments, etc. :

Company has not issued any such securities.

(xiv) Status of dematerialization of shares as on 31st March, 2015

The shares of the Company are compulsorily traded in dematerialised mode. Company has signed agreements with both the depositories i.e. National Securities Depository Services (India) Limited (NSDL) and Central Depositories Services (India) Ltd. (CDSL). Company offers simultaneous transfer-cum-demat facility to the investors. The position of shares held in dematerialized and physical mode as on 31st March, 2015 is a below:-

Mode of Holding	Number of Shares	%age
NSDL	43665894	8.90
CDSL	446723652	91.05
Physical	188854	0.04
Number of Shares	490578400	100

(xv) Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialized form. In case of shares held in physical form, the transferred share certificates duly endorsed are dispatched within 15 days from the date of receipt of documents, provided documents are valid and complete in all respects. The Board has delegated the authority for approving transfer/transmission, etc. to the Share Transfer Committee. Company obtains from a Company Secretary in practice Half Yearly Certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement is filed with the stock exchanges.

Name and addresses of the Depositories are as under:-

1. National Securities Depository Services (India) Limited,
Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
2. Central Depository Services (India) Limited,
Phiroze Jeejeebhoy Towers,
28th Floor, Dalal Street, Mumbai – 400 023.

(xvi) Location of Production Units

Company's production facilities for manufacture of Urea fertilizer being the main product, are located at the following locations.

S.No.	Location
1.	Nangal : Naya Nangal, District Ropar, Punjab-140126. Tel.No.01887-220570 FAX No.01887-220541
2.	Bathinda : Sibian Road, Bhatinda, Punjab-151003 Tel. No.0164-2270261 FAX No.0164-2270463/2760270
3.	Panipat : Gohana Road, Panipat, Haryana-132106 Tel. No.0180-2652481-83, 85, 2681304 FAX No.0180-2652515
4.	Vijaipur I & II : Vijaipur, District Guna, Madhya Pradesh-473111. Tel.No.07544-273528/529 FAX No.07544-273089/273109

(xvii) Listing Fees

Company has paid the requisite listing fees to the Stock Exchanges during the year 2014-15.

11. Electronic Clearing Service

The Company requests its members to furnish ECS mandate so as to enable the Company to credit the dividend directly to the shareholder's bank account. The Company would be remitted the dividend through ECS to those shareholders, who have registered their mandate with the Company at the centers where the ECS facility is available. In other cases, the dividend is being paid through dividend warrants with the bank account details printed on the warrants. The Company's endeavour is to remit the dividend through ECS whenever the facilities are available. In the meantime, the members holding shares in physical form desirous of receiving dividend through ECS but who have so far not furnished ECS mandate are requested to submit the mandate form duly filled and signed for registration to the RTA. A format of the form is annexed with this report. Investors holding shares under demat are requested to check their ECS mandate registered with the respective Depository Participants for ensuring correctness for prompt credit of dividend to their account.

12. CEO & CFO Certification

The Chairman & Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Chairman & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. The Annual Certificate given by the Chairman & Managing Director and the Chief Financial Officer is published in this Report.

13. Audits and Internal Control System

Audit of the Company's accounts is carried out by the Auditors appointed by the Comptroller & Auditor General of India (C&AG). CAG also carries out Government Audit as per the Government Policy. Company has an Internal Audit Department having professionals from technical and non-technical areas. External firms of Chartered Accounts are acting as independent Internal Auditors. Company ensures that business is conducted in accordance with the legal, statutory and regulatory compliances.

14. Risk Management Policy

Company has put in place a Risk Management Policy covering the various risks to which the Company is exposed, Quarterly Risk Review Report on Risk Management is placed before the Board of Directors and the Audit Committee.

Impact of major risks and the action taken to obviate the same on short term and long term basis is deliberated by the Board and Audit Committee.

15. Legal Compliances

Company Secretary apprised the Board every quarter of the statutory and other mandatory legal compliances. Board is also apprised of the notices received from various statutory authorities during each quarter and the remedial action taken by the Company to meet those requirements.

16. Whistle Blower Policy

Company believes in transparency and propriety in its business dealings. To take this object further, Company has put in place a Whistle Blower Policy providing for a mechanism to the employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct or Ethics Policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism. During the year, no disclosures have been received under the whistleblower mechanism, Employees have.

17. Integrity Pact

With the commitment to maintain the highest standard of transparency and governance, your Company has entered into an Integrity Pact with Transparency International and has also appointed Independent External Monitors, persons of impeccable integrity, to oversee the implementation and effectiveness of the Integrity Pact to bring more transparency in the contracting and procurement operations.

18. Code of Conduct for Board Members and Senior Management Personnel

The Company has adopted “Code of Conduct for Board Members and Senior Management Personnel” of the Company. The object is to conduct the Company’s business ethically and with responsibility, integrity, fairness, transparency and honesty. The Code is available on the Company’s website www.nationalfertilizers.com. All directors and senior management personnel have complied compliance with the Code of Conduct for “Board Members and Senior Management Personnel as on 31st March, 2015.

Declaration as required under Clause 49 of the Listing Agreement

This is to certify that in line with the requirements of Clause 49 of the Listing Agreement, all the Members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31st March, 2015.

Registered Office:

Scope Complex, Core 3, 7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 30th July, 2015

(Manoj Mishra)

Chairman & Managing Director
DIN: 06408953

Code of Insider Trading

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, the Board has laid down “Code of Conduct for Prevention of Insider Trading” with the objective of preventing purchase and/or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Under this Code, insiders (Offices and Designated Employees) are prevented to deal in the Company’s shares during the closure of Trading Window. To deal in Securities, beyond limits specified permission of the Compliance officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code. Company Secretary has been designated as Compliance Officer for this Code.

Compliance Certificate of the Auditors

Certificate from the Company’s Auditors M/s. M/s. M.L. Puri & Company and M/s. Chandio & Guliani confirming

compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the Directors Report forming part of the Annual Report.

Certification of Chief Executive Officer and Chief Financial Officer under Clause 49 (v)

We, Manoj Mishra, Chairman & Managing Director and Rajiv Kumar Chandiok, Director (Finance) of National Fertilizers Limited, to the best of our knowledge and belief certify that:-

1. We have reviewed the Balance Sheet and Statement of Profit and Loss and all its schedules and notes on accounts, as well as the Cash Flow Statement of the Company for the year ended 31st March, 2015. To the best of our knowledge and information:-
 - a. these statements do not contain any materially untrue statement or omit to state a material fact or contain statement that might be misleading;
 - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's code of conduct.
3. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls for financial reporting and procedures for the Company and we have evaluated the effectiveness of the Company's internal controls and procedures pertaining to financial reporting.
4. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and through them to the Audit Committee of the Company's Board of Directors.
 - a. All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - b. Significant changes in internal control over financial reporting during the year;
 - c. Any fraud, which we have become aware of and that involves management or other employees who have a significant role in the Company's internal control system over financial reporting.
 - d. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the accounts.

(Rajiv Chandiok)
Director (Finance)
DIN : 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 30th July, 2015

**M. L. PURI AND COMPANY
CHARTERED ACCOUNTANTS
407, NEW DELHI HOUSE,
27 BARAKHAMBHA ROAD,
CONNAUGHT PLACE
NEW DELHI - 110001**

**CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS
C-44, NIZAMUDDIN EAST,
NEW DELHI - 110013**

CERTIFICATE

To,
The Members of
National Fertilizers Limited

We have examined the compliance of the conditions of 'Corporate Governance' by National Fertilizers Limited for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said company with the various stock exchanges.

The compliance of conditions of 'Corporate Governance' is the responsibility of the Company's management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of the 'Corporate Governance' as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of 'Corporate Governance' as stipulated in the above mentioned 'Listing Agreement' subject to the following:

During the year ended 31st March 2015, Company did not have requisite number of Independent Directors on its Board of Directors as required under Clause 49 (I) (A) of the Listing Agreement. Further company also did not have a women director as required under the Companies Act, 2013.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For M. L. PURI & COMPANY
CHARTERED ACCOUNTANTS**

(M.L. Puri)
PARTNER
(MEMBERSHIP NO. 009198)
FIRM REGD. NO. 002312N

**For CHANDIOK AND GULIANI
CHARTERED ACCOUNTANTS**

(V. K. Lalla)
PARTNER
(MEMBERSHIP NO. 080847)
FIRM REGD. NO. 001199N

**Place: New Delhi
Date: 30th July, 2015**

Directors' Profile

Shri Manoj Mishra (DIN 06408953)

Shri Manoj Mishra Aged about 54 years has taken over as Chairman & Managing Director (C&MD) of National Fertilizers Limited (NFL) with effect from June 03, 2015. Shri Manoj Mishra is a member of the Institute of Cost Accountants of India.

Shri Mishra has professional experience of 30 years in various Public Sector Undertakings and Co-operative sector. Prior to his appointment as C&MD, NFL, he held the position of Director (Finance) in State Trading Corporation (STC). He was also holding additional charge of Director (Marketing) for bullion and other divisions in State Trading Corporation (STC).

Prior to his joining STC in 2010, Shri Mishra held various positions in Krishak Bharati Co-operative Limited (KRIBHCO) for 23 years. Earlier, he had also worked in HHEC of India Ltd. He is also Chairman of Ramagundam Fertilizers and Chemicals Limited and Director of Fertilizer Association of India.

Capt. Pavan Kumar Kaul (DIN 03438497)

Capt. Pavan Kumar Kaul, took over as Director (Marketing) of National Fertilizers Limited (NFL) on 7th February, 2011. Prior to joining NFL, Capt. Kaul was Executive Director, Container Corporation of India (CONCOR). Earlier to CONCOR, he has worked with The Shipping Corporation of India.

Capt. Kaul is a Master Mariner, a Post Graduate in Public Administration and a Diploma in Logistics Management. He is 58 years of age. He has brought with him rich experience of Marketing Commercial, Business Development, Strategic Planning, Logistics, Project Management, Infrastructure & Cold Chain Development, Shipping, Multi-modal Transportation and Marine technology. He has been a member of the Administrative Staff College of India, Institute of Rail Transport and was a member of the CII National Exports Committee. Capt. Kaul is widely travelled. He is also Chairman of Urvarak Videsh Limited, a joint venture company of NFL, RCF and KRIBHCO. Mr. Kaul is also Member of Committee on Corporate Social Responsibility & Sustainable Development of the Company.

Shri M. Sagar Mathews (DIN 02820429)

Aged about 59 years, Shri Mathews has taken over as Director Technical on 1st November, 2013. Before joining NFL, he was Director (Technical), in Madras Fertilizers Limited for four years since 2009.

A Chemical Engineer from Regional Engineering College, Rourkela, Shri Mathews embodies an extensive experience spanning over 31 years in the Refining and Fertilizer industry. As Director (Technical), Madras Fertilizers Limited, Shri Madras Fertilizers Limited, Shri Mathews was credited for turnaround of the organization when it started making profits on continuous basis from 2009-10. He also remained C&MD of MFL with an additional charge for a period of 10 months. He was instrumental in restating production of complex fertilizer 17:17:17 after carrying out substantial restoration activities in the plant.

Mr. Mathews is also Member of Audit Committee, Committee on Corporate Social Responsibility & Sustainable Development, Health & Safety Committee, Business Development and Strategic Planning Committee of the Company. He is also a Director of Ramagundam Fertilizers and Chemicals Limited.

Shri Rajiv Kumar Chandiok (DIN 05146544)

Shri Rajiv Kumar Chandiok, aged about 56 years has taken over as Director (Finance) of National Fertilizers Limited (NFL) on 10th February 2015. Before joining NFL, he was General Manager (Finance) in Power Finance Corporation Limited (PFC).

A Chartered Accountant by profession, Shri Chandiok embodies an extensive experience spanning over 22 years in the Power Sector. Prior to PFC, he also worked with National Hydro Electric Power Corporation Limited (NHPC).

During his stint at PFC, ShriChandiok gained experience in multiple departments like Project Appraisal, Fund Raising, Marketing, Business Development and finally handled complete profile of Finance Division. He remained instrumental in drafting innovative schemes in PFC like funding of private sector in generation business. He also successfully handled maiden Initial Public Offer (IPO) of PFC, which gave him complete insight into the risk and returns of the business.

The expertise of Shri Chandiok in Project Appraisal Techniques is well recognized not only in industry but also by the management and professional organisations like PMI, ASCI, IIFT, CII, FICCI. He has attended various professional programmes in India and abroad particularly on Project Financing & Risk Analyses and Leadership.

Shri Vikram Srivastava (DIN 06541689)

Aged about 63 years, Shri Vikram Srivastava is a 1973 batch IPS Officer (Retd.). During his career, he has held various important positions with the Central and State Government including ex-Director General, Bureau of Police Research & Development (BPRD), CRPF, ITBP. He has big experience in building of new institutions of public importance. He has been appointed as Independent Director of the Company w.e.f. 6th May, 2013. He is also a Director of Bharat Electronics Limited.

He is also a Member of Audit Committee and Nomination & Remuneration Committee. He is also the Chairman of the Stakeholders Relationship Committee, Committee on Corporate Social Responsibility & Sustainable Development, Business Development & Strategic Planning Committee of the Company. Besides, he is also Chairman of Health & Safety Committee of the Company.

Shri M. Raman (DIN 01226770)

Aged about 64 years, a 1976 Batch IAS Officer and retired as Secretary in the GOI in the Ministry of Chemicals & Petrochemicals in April, 2011. During his 35 years in the service, he had held various important positions both in Central and State Governments. He has indepth practical experience of more than two decades in policy formulation, monitoring and implementation of matters related to industrial development and infrastructure sector.

He is Chairman of Business Development and Strategic Planning Committee and Member of Audit Committee, Nomination & Remuneration Committee and Health & Safety Committee of the Company.

Shri Gurinderjit Singh Sandhu (DIN 01790828)

Aged about 62 years, Shri Sandhu is a retired IAS Officer. He had held many positions in the State Government of Punjab including Financial Commissioner, Development and Principal Secretary, Principal Secretary in the Department of Animal Husbandry, Dairy Development and Fisheries. He is M.Sc. (Physics) and also holds a Degree of Masters in Social Sciences, Birmingham University.

Shri Sandhu is also the Chairman of Nomination & Remuneration Committee, Audit Committee, Committee on Corporate Social Responsibility and Sustainable Development and a Member of Committee on Business Development and Strategic Planning Committee of the Company.

Shri Rajiv Yadav (DIN 00322778)

Shri Rajiv Yadav, aged about 57 years is an senior IAS Officer and is presently the Special Secretary and Financial Advisor, Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India.

Shri Yadav is a holding B.E. Degree from IIT, Roorkee and M.Tech. from IIT, Delhi. Shri Yadav is also an MBA (U.K.) in Business Administration from the University of HULL. Shri Yadav has held many senior positions with the Central and State Governments. Presently, he is also a Director on the Board of Madras Fertilizers Limited and Hindustan Organic Chemicals Limited.

Shri Rakesh Kumar (DIN 06940386)

Shri Rakesh Kumar, aged about 56 years is a senior Officer of the Government of India and is presently Dy. Secretary (Admn.), Department of Fertilizers, Ministry of Chemicals & Fertilizers. Shri Kumar has held many senior positions with the Central Government. He is well versed with administrative work. He is also a Director on M/s. Brahmaputra Valley Fertilizers and Chemicals Limited. He is also a Member of Stakeholders Relationship Committee of NFL.

FORM -A

Annexure

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

(Annexure to Directors' Report)

		2014-15	2013-14
A. POWER & FUEL CONSUMPTION			
1. ELECTRICITY			
a) Purchased			
Unit	Mwh	204595	186609
Total amount	₹ in Lakh	15266	13926
Average rate/Unit	Rs./Mwh	7462	7463
b) Own Generation			
i) Through diesel generator Unit			
Unit	Mwh	3.427	3.918
Unit per ltrs. of diesel oil	Mwh/ltrs	0.001	0.001
Cost/Unit	₹ /Mwh	52892	34039
ii) Through Steam Turbine/Gas Turbine			
Unit	Mwh	527310	566117
Coal/unit of Power	MT/Mwh	0.948	1.050
Gas/unit of Power	000sm ³ /Mwh	0.381	0.299
Cost per Unit	Rs./Mwh	6042	5496
iii) From Waste Steam	Mwh		
2. COAL(Specify quality & where used)			
(Slack coal used for operating boilers)			
Quantity	MT	731922	767921
Total cost	Rs. in Lakh	36442	37956
Average rate	Rs./MT	4979	4943
3. FURNACE OIL/LSHS			
Quantity	MT	-	663
Total cost	Rs. in Lakh	-	332
Average rate	Rs./MT	-	50050
4. OTHER/INTERNAL GENERATION			
Natural Gas			
Quantity 000M3	000sm ³	235747	227339
Total cost(Rs/Lakhs)	Rs. in Lakh	59589	51487
Rate/Unit(Rs)	Rs./000sm ³	25276	22648
Naphtha			
Quantity (MT)	MT	-	-
Total cost(Rs/Lakhs)	Rs. in Lakh	-	-
Rate/Unit(Rs)	Rs./MT	-	-
B. CONSUMPTION PER UNIT OF PRODUCTION			
i) Electricity	Mwh	0.196	0.190
ii) Coal	MT	0.472	0.524
iii) Gas	000M ³	0.065	0.063

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 12th August, 2015

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

FORM-B

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Energy Conservation Measures

Company is committed to improve the plant performance & reduce energy consumption which is best reflected in the following:

- Nangal, Panipat & Bathinda plants have achieved ever best lowest plant energy consumption of 7.02, 7.51 and 7.11 Gcal/MT Urea respectively against DFR figures of 7.095, 7.614 and 7.48 Gcal/MT urea by sustained and efficient plant operation.
- Similarly Vijaipur I achieved ever best energy consumption of 5.74 Gcal/MT urea.
- In order to further reduce the energy consumption at Vijaipur II, installation of a Purge Gas Recovery plant in Ammonia plant has been undertaken with an expenditure of ₹ 29 crore.
- Preventive maintenance practices have been adopted for reducing the downtime leading to improved energy consumption. Bathinda Unit has achieved an on stream efficiency of more than 96% continuously for the last two years i.e. 2013-14 and 2014-15.

2. Technology Absorption

- The coal based boilers at Panipat, Bathinda & Nangal have been revamped for use of cleaner Natural Gas as support fuel in place of Fuel oil. This has eliminated use of costly F. Oil, as well as improved reliability & emissions. In order to improve efficiency of boilers, use of coal additives is being undertaken by the Units which besides improving combustion will also reduce consumption of coal.
- NFL entrusted EIL to carry out study for checking the feasibility of using an alternate cheaper energy source Pet Coke from refinery in the old Gasifiers & other equipment's discarded at Nangal post revamp of Ammonia plant.
- EIL also carried out study to find alternate utilization of the old NMP I plant at Nangal using Petcoke for production of Methanol/ alternate industrial chemicals for which detailed feasibility is being undertaken.

3. Industrial Safety, Ecology and Pollution Control:

Company remained focused towards achieving sustained energy efficient operation of its manufacturing facilities while maintaining pollution free environment and process safety by adopting a sustainable development policy.

- In an attempt to utilize non-conventional green energy, NFL has installed roof top Solar power unit of 100 KW capacity at Corporate Office in Noida and 90 KW Solar Power Plant at Bathinda.
- Afforestation has been adopted at all units for a cleaner & greener environment. During the year 15,652 trees were planted. The cumulative plantation since commencement is about 7.83 lakhs trees.
- Total four rainwater harvesting systems were installed during 2014-15. All the units are under the process of installation of more Rain Water Harvesting system towards conservation of water, generation of greenery and improving ground water table level.
- All the Units are ISO-9001-2008 certified for Quality Management System and ISO-14001-2004 certified for Environment Management System.
- All the units are implementing on-line pollution monitoring system both for emission and effluent discharge. The online monitoring is being integrated with Central and State Pollution Control Boards to have continuous monitoring.

- All the units have received OHSAS–18001 certification for Occupational Health & Safety Management System.
- All unit Safety Committee meeting are organized on regular basis to address various safety related issues in plants which includes Personal Safety, Process Safety and Safety of Assets.
- Board level Health & Safety Committee has been constituted which is meeting at regular intervals to address the Health & Safety related issues of all four units.
- Modern compliance systems such as 'International Sustainable Rating System', 'Total Quality Management' and 'Hazard & Operability Study' are being implemented to improve Process Safety.
- Efforts are being made to dispose off carbon slurry lying in NFL plants at Nangal, Bathinda and Panipat.

Research and Development (R&D)

On R&D front, Company has undertaken the application project for Urea Ammonium Nitrate (UAN) application with the help of India Agriculture Research Institute (IARI) incurring an approximate cost of ₹ 90.00 lakhs.

Foreign Exchange Earnings/Outgo

The foreign exchange earnings by way of trade margins during the year was 'NIL'. The foreign exchange outgo by way of imports and other expenses amounted to ₹ 17.60 crore.

Registered Office:

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New Delhi-110003

Date : 12th August, 2015

(Manoj Mishra)

Chairman & Managing Director
DIN: 06408953

Report on Safety, Environment and Sustainable Development

Inclusive and sustainable development is the need of the hour in view of increasing climatic changes and rising disparities in the society at large. Company has taken various initiatives in adopting best practices for health safety and environment management, energy conservation and social upliftment leading to sustainable development.

Health, Safety and Environmental Consciousness:

Company strives to achieve excellence in improving employees occupational and personal health by minimizing health hazards and providing model facilities. Company has well equipped hospitals at all the Units. In addition to that the employees have also access to specialized medical services wherever required. Employees also undergo periodic medical examinations.

Company remained focused towards achieving Sustained energy efficiency operations of its ageing manufacturing facilities while maintaining pollution free environment and process safety. All manufacturing units continue to be ISO 9001-2008, ISO 14001-2004 and OHSAS-18001 certified which indicate Company's commitment to Quality, Environment and Occupational Health and Safety.

Besides the above, all the units are under process of installation of On-line monitoring system both for effluent and emission discharge. Online monitoring system shall be integrated with Central and State Pollution Control Board in order to monitor the level of pollutants on continues basis.

Board Level Health and Safety Committee are meeting at regular intervals to address the Health and Safety issues of all the Units. Quarterly review meetings are conducted regularly at all units. Modern method and latest technologies such as 'International Sustainable Rating System', 'Total Quality Management' and 'Hazard and Operability Study' are being implemented to improve process safety.

To safeguard the plants from emergencies like Fire, Explosion and Toxic gas release, "On site Emergency Disaster Plan" and "Off site Emergency plan" are available in units. Plan aims to train people act efficiently and confidently in emergency with minimum damage to humans and asset. The procedures are regularly reviewed and updated at the Company by carrying out surprise mock drills. Performance of each mock drill is evaluated and reviewed to bring improvements in the systems. Visit of Local Authorities and central agencies such as National Disaster Management Authority are regularly conducted in order to remain updated on safety related issues in all the plants.

Efficiency of Coal fired Boilers in Nangal, Bhatinda and Panipat units is being improved by using various techniques such as use of Coal additives. This will help to reduce consumption of fossil fuel.

Afforestation has been adopted in all the units to improve the environment surrounding the units. A total of 15652 tree saplings were planted in and around various units leaving a cleaner and greener earth for future generation. The cumulative plantation since commencement is about 7.83 lakhs for all the units.

To increase the sub soil water level, all the units are under process of installation of Rain Water Harvesting system. During the year 04 rainwater harvesting system were installed in units. This would help in conservation of water, increase in underground water table and increase greenery in the surroundings.

Use of Green Power:

Government of India under Jawaharlal Nehru National Solar Mission has highlighted the objectives and action plan to be implemented over a period of time. The basic objective till 2022 is to create conditions, through rapid scale-up of

capacity and technology innovation to drive down the costs towards grid parity. The anticipated achievement of parity with coal based thermal power is expected by 2030.

Company is committed to promote ecologically sustainable growth by generating green power through Solar Power Plant and to reduce its requirement of conventional power, which are sourced out of fossil fuel. During 2014-15, Bhatinda unit installed 90 KW Solar Power Plant and similarly Corporate Office, Noida installed 100 KW Solar Power Plant to serve a part of its total power requirement. Installation of high capacity Solar Power Plant at Nangal, Bathinda, Vijaipur and Panipat units is under active consideration of the Company. Company is under process conducting detailed assessment for the capacity of Large scale Solar Power Plant to be installed in all the units. The generated Solar Power shall be helpful for reduction in energy consumption for production of Urea and also be useful for revenue generation in addition to its contribution towards environment such as overall reduction in Carbon Di-Oxide gas.



*A view of solar power plant at
Corporate Office, Noida*



*NFL officials receiving appreciation certificate from
UP Govt. for the solar power project installed at Noida Office*

Development of Sustainable Products:

Neem Coated Urea: NFL is a pioneer in the manufacturing of environment friendly products such as neem coated urea. During 2014-15, the total production of neem coated urea was 13.65 Lakh MT. Neem coated urea is useful for slow release of Nitrogen in soil as compared to normal urea. Further, it acts as a bio-pesticide for crops.

Manufacturing of Bio Fertilizers: Bio Fertilizers more commonly known as microbial inoculants are artificially multiplied cultures of certain soil organisms that can improve soil fertility and crop productivity. Besides accessing nutrients, bio fertilizer controls soil borne diseases and improve the soil health and soil properties. Bio Fertilizers help in effective use of Chemical Fertilizers for higher yields.

Company is currently producing three types of Bio Fertilizers in both Powder and Liquid base i.e. Rhizobium, Azetobactor and PSB. To increase the shelf life of Bio Fertilizers, NFL is gradually shifting from Powder Bio Fertilizers to Liquid Bio Fertilizers. This has resulted in less use of Lignite, which is used as a carrier for Powder Bio Fertilizer. This has also resulted in lesser use of Natural resources. During 2014-15, the sale of Liquid Bio Fertilizers is 105.76 KL and that of Powder Bio Fertilizers is 2.598 MT.

Company is under process of increasing the product variant of Bio Fertilizer by launching Zinc Soluble strains in addition to the existing strains.

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Date : 12th August, 2015

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Annual Report on Corporate Social Responsibility Activities

1) A brief outline of the Companys CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programmes.

NFL's CSR Policy is aligned with its vision to enhance value creation in the society and in the community in which it operates, through its products, services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporte, with concern for ecology.

Towards this commitment, the company shall:

- Increase efficiency by optimum utilization of resources and technology.
- Promote sustainable farming practices to boost crop productivity in rural India through its soil testing facilities and other advisory services.
- Continue to take up wide range of welfare activities mainly focusing on economically, socially and environmentally sustainable development of underdeveloped villages.
- Work towards improving the quality of life by making the communities self-reliant in areas within which it operates.
- Build lasting social capital through interventions in the infrastructure, healthcare, education, vocational domains and other social welfare initiatives for the community residing in the vicinity of its plants and other places in India.
- Ensure welfare, growth and safety of all people associated with the Company.
- Build a sustainable enterprise that effectively balances financial strengths with social and environmental responsibilities.
- Undertake activities contributing towards improving the quality of life of underdeveloped sections of society at large.
- Facilitate development by maintaining a healthy relation between People, Planet and Profit.

Web Link:

CSR Policy : http://nationalfertilizers.com/images/pdf/csr/csr_policy_en.pdf

CSR Project Report :

http://nationalfertilizers.com/index.php?option=com_content&view=article&id=347&Itemid=122

2) Composition of CSR Committee

1.	Gurinderjit Singh Sandhu, Independent Director	Chairman
2.	Vikram Shrivastava, Independent Director	Member
3.	Capt. Pavan Kumar Kaul, Director (Mktg.)	Member

3) Average Net Profit/Loss of the Company for last three financial years : Loss ₹ 44.57 Crore

4) Prescribed CSR Expenditure (Two percent of the amount as in item 3 above): Not Applicable

5) Details of CSR spend for the financial year :

- Total amount spent for the financial year ₹36.74 Lakh

b) Amount unspent : ₹ Nil

c) Manner in which the amount spent during the financial year is detailed below :

SI No.	CSR Projects/Activities	Sector of the Project	Locations	Amount Outlay (Budget) of the Project	Amount Spent on the Project	Cumulative expenditure upto reporting period	Amount Spent : Direct or through Implementing Agency
1	Three months Training Programme in the trade of Mobile Repair for unemployed youths	Skill Development Training	Nangal, Punjab		1,37,665/-	1,37,665/-	By M/s North India Technical Consultancy Organisation Ltd., Chandigarh.
2	Three Months Training Programme in the trade of Beauty Culture	Skill Development Training	Nangal, Punjab		2,13,750/-	2,13,750/-	By M/s North India Technical Consultancy Organisation Ltd., Chandigarh .
3	Relief aid to J&K flood victims		Jammu & Kashmir		19,645/-	19,645/-	Direct
4	100 nos. Solar Lights in various villages have been installed	Solar Energy	Distt. Tehri Garwal and Chamoli of Uttarakhand		20,00,000/-	20,00,000/-	Uttarakhand Renewel Energy Development Agency (URED), Dehradun.
5	Construction of Class rooms in BC High School,	Capacity Building	Kasafal, Odisha		4,49,600/-	4,49,600/-	By Gramin Vikas Trust
6	Construction/Renovation of 20 Nos. Girls Toilet Blocks in Govt. Schools.	Swachh Bahrat Mission	Surrounding areas of Nangal Unit., Punjab.		4,50,000/-	4,50,000/-	By M/s Sulabh International Social Service Organisation.
7	Installation of 10 no. Solar Street light	Solar Energy	Village Gill Patti, Dist. Bathinda (Pb.)		3,29,214/-	3,29,214/-	KhetiVirasat, Anandpur Sahib, Distt. Ropar - (Pb.)
8	Desk, Supply to Govt.. Primary School at Village Gill Patti	Promotion Education, Enhancing Vocation Skills, etc.	Dist. Bathinda (Pb.)		12,441/-	12,441/-	-- do --
9	Training Programme	Skill Development & Training	Village Gill Patti, Dist. Bathinda (Pb.)		16,903/-	16,903/-	-- do --
10	Construction of Anganwadi	Rural Development Projects	In District Guna, Madhya Pradesh		44,885/-	44,885/-	CEO Janpad, Panchayat, Raghogarh

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial year or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

Not Applicable

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

The CSR Committee confirms that the implementation and monitoring of CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

(Gurinderjit Singh Sandhu)

Chairman CSR Committee
DIN 01790828

Date: 12th August, 2015

(Manoj Mishra)

Chairman & Managing Director
DIN: 06408953

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2014

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	L74899DL1974GOI007417
ii	Registration Date	23/08/1974
iii	Name of the Company	NATIONAL FERTILIZERS LIMITED
iv	Category/Sub-category of the Company	Company Limited by Shares
v	"Address of the Registered office & contact details"	SCOPE Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi-110 003 Tel: 011-24360066, 24361252 Fax: 011-24361553
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi – 110 020. PH: 011-26387281-83 Fax: 011-26387384 Email: mas_serv@yahoo.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated.

SI No	Name & Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Urea	20121	98.60%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE"	% OF SHARES HELD"	APPLICABLE SECTION"
1	M/S. URVARAK VIDESH LIMITED (UVL)	U24120DL2008GOI181057	ASSOCIATE	33.33%	2(6)
2	M/S. RAMAGUNDAM FERTILIZERS AND CHEMICALS LIMITED (RFCL)	U24100DL2015PLC276753	ASSOCIATE	26%	2(6)

IV SHAREHOLDING PATTERN (Equity Share capital Break up as percentage to Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	-	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	441520560		441520560	90	440116292		440116292	89.714		-0.286
c) Bodies Corporates	-	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	441520560	-	441520560	90	440116292	-	440116292	89.714		-0.286
(2) Foreign	-	-	-	-	-	-	-	-	-	-
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	441520560		441520560	90	440116292		440116292	89.714		-0.286
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks/FI	7832288	-	7832288	1.597	2905186	-	2905186	0.592	-	-1.005
C) Central govt/State Govt.	30349519	-	30349519	6.186	26474167	-	26474167	5.397	-	-0.789
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	38181807	-	38181807	7.783	29379353	-	29379353	5.989	-	1.794
(2) Non Institutions										
a) Bodies corporates	1519241	-	1519241	0.31	3738195	-	3738195	0.762	-	0.452
i) Indian										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	4547459	70867	4618326	0.941	10151104	70354	10221458	2.084	-	1.143
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs.	3814607	2000	3816607	0.778	5688822	2000	5690822	1.16	-	0.382

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
c) Others (specify)										
1. NRI	147573	116500	264073	0.054	460868	116500	577368	0.118		0.064
2. Clearing Member	653786	0	653786	0.133	849912	0	849912	0.173		0.04
3. Trust	4000	0	4000	0.001	5000	0	5000	0		-
SUB TOTAL (B)(2)	10686666	189367	10876033	2.217	20893901	188854	21082755	4.297		2.08
Total Public Shareholding (B)= (B)(1)+(B)(2)	48868473	189367	49057840	10	50273254	188854	50462108	10.286		0.286
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	490389033	189367	490578400	100	490389546	188854	490578400	100	-	-

(ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total share of the company	% of share pledged encumbered to total shares	No of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	President of India	441520560	90	-	440116292	89.714	-	-0.286
	Total	441520560	90	-	440116292	89.714	-	-0.286

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

SI No.		Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total share of the company	No of Shares	% of total shares of the company
	At the beginning of the year	441520560	90	440116292	89.714
	increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc) Under offer for sale to NFL employees			1404268	0.286
	At the end of the year	441520560	90	440116292	89.714

iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs & ADRs):

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No. of Shares	% of total Shares of the Company
1	LIFE INSURANCE CORPORATION OF INDIA	20404679	4.16					20404679	4.16
2	THE NEW INDIA ASSURANCE COMPANY LIMITED	3681353	0.75					3681353	0.75
3	UNITED INDIA INSURANCE COMPANY LIMITED	2482690	0.51					2482690	0.51
				100000		Transfer	5-Dec-14	2382690	0.49
				244651		Transfer	12-Dec-14	2138039	0.44
				50000		Transfer	23-Jan-15	2088039	0.43
				200000		Transfer	30-Jan-15	1888039	0.38
				250000		Transfer	6-Feb-15	1638039	0.33
				195399		Transfer	13-Feb-15	1442640	0.29
				200000		Transfer	20-Feb-15	1242640	0.25
				250000		Transfer	27-Feb-15	992640	0.20
				200000		Transfer	6-Mar-15	792640	0.16
				300000		Transfer	13-Mar-15	492640	0.10
				428000		Transfer	20-Mar-15	244640	0.05
				237302		Transfer	27-Mar-15	7338	0
				7338		Transfer	31-Mar-15	7338	0
4	GENERAL INSURANCE CORPORATION OF INDIA	2429281	0.50					2429281	0.50
5	NATIONAL INSURANCE COMPANY LIMITED	2305509	0.47					2305509	0.47
				500000		Transfer	13-Jun-14	1805509	0.37
				100000		Transfer	8-Aug-14	1705509	0.35
				17521		Transfer	29-Aug-14	1687988	0.34
				182479		Transfer	5-Sep-14	1505509	0.31
				100000		Transfer	14-Nov-14	1405509	0.29
				15723		Transfer	12-Dec-14	1389786	0.28
				300000		Transfer	9-Jan-15	1089786	0.22
				114402		Transfer	16-Jan-15	975384	0.20
				69875		Transfer	23-Jan-15	905509	0.18
6	CANARA BANK	2118106	0.43					2118106	0.43
				67500		Transfer	23-May-14	2050606	0.42
				60000		Transfer	30-May-14	1990606	0.41
				130000		Transfer	6-Jun-14	1860606	0.38
				30000		Transfer	13-Jun-14	1830606	0.37
				40000		Transfer	20-Jun-14	1790606	0.36
				50000		Transfer	21-Nov-14	1740606	0.35
				10000		Transfer	12-Dec-14	1730606	0.35

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year			Date of Change	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares Decrease	No. of Shares Increase	Reason		No. of Shares	% of total Shares of the Company
7	THE ORIENTAL INSURANCE COMPANY LIMITED	1475288	0.30					1475288	0.30
8	DENA BANK-INVESTMENT	1059054	0.22					1059054	0.22
				150		Transfer	30-May-14	1058904	0.22
9	PUNJAB NATIONAL BANK	1059053	0.22					1059053	0.22
				760000		Transfer	23-May-14	299053	0.06
				299053		Transfer	30-May-14	0	0
10	ORIENTAL BANK OF COMMERCE	1059053	0.22					1059053	0.22
				11386		Transfer	11-Apr-14	1047667	0.21
				301114		Transfer	18-Apr-14	746553	0.15
				245000		Transfer	16-May-14	501553	0.10
				450000		Transfer	23-May-14	51553	0.01
				51553		Transfer	30-May-14	0	0

Note:

- 1 Top ten shareholders of the Company at the beginning of the year has been considered for the above disclosure.
- 2 Date of change is the date of the shareholding statement i.e. the date on which the beneficiary position is downloaded.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sunil Bhatia				
	At the beginning of the year	100	0.00	100	0.00
	At the end of the year	100	0.00	100	0.00
2.	Capt. Pavan Kumar Kaul				
	At the beginning of the year	-	-	-	-
	10.06.2014 - by transfer: 7797	-	-	7797	0.00
	At the end of the year	-	-	7797	0.00
3.	Sh. Rajiv Kumar Chandiok				
	At the beginning of the year	-	-	-	-
	27.02.2015 - by transfer: 1000	-	-	1000	0.00
	At the end of the year	-	-	1000	0.00

V INDEBTEDNESS

(₹ in Cr.)

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	7247.58	310.18	-	7557.76
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.02	0.59	-	3.61
Total (i+ii+iii)	7250.60	310.77	-	7561.37
Change in Indebtedness during the financial year				
• Additions	-	2703.26	-	2703.26
• Reduction	2615.85	-	-	2615.85
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	4631.69	3013.10	-	7644.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.06	0.93	-	3.99
Total (i+ii+iii)	4634.75	3014.03	-	7648.78

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

(in ₹)

SI No.	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount	
		MS NEERU ABROL (CMD)	SH P.K. KAUL D (MKTG.)	SH M. SAGAR MATHEW D (T)	SH R.K. CHANDIOK D (F)		
	Period	01.04.2014 to 28.02.2015	2014-15	2014-15	10.02.2015 to 31.03.2015		
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	2760947.00 292828.00	2571454.00 240082.00	2150213.00 200985.00	308225.00 28542.00	7790839 762437	00 00
2	Stock option	-	-	-	-		
3	Sweat Equity	-	-	-	-		
4	Commission - as % of profit - others (specify)	-	-	-	-		
5	Others, please specify	-	-	-	-		
	Total (A)	3053775.00	2811536.00	2351198.00	336767.00	8553276	00
	Ceiling as per the Act						

B. Remuneration to other directors:

(in ₹)

SI. No.	Particulars of Remuneration	Name of the Directors			Total Amount
		SH. M RAMAN	SH. VIKRAM SRIVASTVA	SH. GURINDERJIT SINGH SANDHU	
1	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	10000.00	230000.00	210000.00	450000.00
	Total (1)	10000.00	230000.00	210000.00	450000.00
2	Other Non Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify.				
	Total (2)				
	Total (B)=(1+2)	10000.00	230000.00	210000.00	450000.00
	Total Managerial Remuneration	10000.00	230000.00	210000.00	450000.00
	Overall Ceiling as per the Act.				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary (Sh. Tek Chand)	Company Secretary (Sh. Raj Kumar)	CFO (Sh. Sunil Bhatia)	Total
	Period	01.04.14 to 31.07.2014	2014-15	12.08.2014 to 25.03.2015	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1315965.00	1425041.00	774235.00	3515241.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	62770.00	116130.00	76326.00	255226.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	1378735.00	1541171.00	850561.00	3770467.00

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal Made if any (give details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	NA
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	NA
5.	Reserves & surplus	NA
6.	Total assets	NA
7.	Total Liabilities	NA
8.	Investments	NA
9.	Turnover	NA
10.	Profit before taxation	NA
11.	Provision for taxation	NA
12.	Profit after taxation	NA
13.	Proposed Dividend	NA
14.	% of shareholding	NA

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

Annexure

Form "B"

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Ramagundam Fertilizers and Chemicals Limited (RFCL)	Uravarak Videsh Limited (UVL)
Latest audited Balance Sheet Date	-	31-03-2015
Shares of Associate/Joint Ventures held by the company on the year end	2440004	180002
No.	2440004	180002
Amount of Investment in Associates/Joint Venture	₹24400040.00	₹1800020.00
Extend of Holding%	26%	33.33%
Description of how there is significant influence	Note A	Note A
Reason why the associate/joint venture is not consolidated	Revival of Ramagundam Unit of Fertilizer Corporation of India Limited (FCIL)	Exempted
Net worth attributable to shareholding as per latest audited Balance Sheet	*	₹1015349.00
Profit/Loss for the year	N.A.	₹4511.00
Considered in Consolidation	N.A.	-
Not Considered in Consolidation	N.A.	Note B

Note.

* Ramagundam Fertilizers and Chemicals Limited (RFCL) was incorporated on 17th February, 2015. No Balance Sheet has been prepared as yet.

- A. There is significant influence due to percentage (%) of Share Capital in the Jointly Controlled Entity as mentioned above.
- B. It has not been considered for the purpose of preparation of consolidated financial statements, as it is individually not considered to be material to the group activity. Further, entire investment has been fully provided for by the company.

(Raj Kumar)
Company Secretary
A-11914

(Rajiv Chandiok)
Director (Finance)
DIN : 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 12th August, 2015

Form AOC-2

Annexure

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013.

Details of Contracts or arrangements or transactions not a arm's length basis

Name(s) of related party and nature of relationship	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient term of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advance, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Ramagundam Fertilizers & Chemicals Ltd, (RFCL) a Joint Venture with National Fertilizers Ltd., Engineers India Ltd, & Fertilizer Corporation of India Ltd	Lease agreement for providing Office space to RFCL at NFL registered office at Scope Complex, New Delhi for a period of three years.	3 year lease agreement i.e from 4th March, 2015 to 3rd March, 2018	Lease rent of token amount of ₹1.00 per annum	The lease arrangement does not involve earmarking of office space to RFCL and Lease arrangement is for use of office space as registered office for the purpose of receiving communication by RFCL.	4 th July, 2015	NA	NA

(Raj Kumar)
Company Secretary
A-11914

(Rajiv Chandiok)
Director (Finance)
DIN : 05146544

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

Registered Office:
Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003
Date : 12th August, 2015

Annexure

Information on persons belonging to Scheduled Castes / Scheduled Tribes/ Other Backward Classes / Persons with disabilities category

Company is committed to the development of employees belonging to reserved categories. An Implementation Cell is already functional in all Units / Offices of the Company to oversee the implementation of Presidential Directives on Reservation Policy for SCs/STs. Liaison Officer of appropriate status has been appointed in each Unit/Office to ensure due compliance of orders and instructions pertaining to reservation. The programmes on implementation of Presidential Directives were held at Units from time to time and SC/ST employees were deputed for such programmes conducted by external agencies. During 2014-15, 1947 man-days training (in-house as well as external training programmes) was imparted to SC/ST employees. A statement showing representation of employees belonging to Scheduled Casts / Scheduled Tribes / backward Classes / Persons with disabilities is appended as Annexure to this report.

Details of representations of SC/ST/OBC/PWD employees as on 31st March 2015 are as follows :-

REPRESENTATION OF SCs/STs AS ON 31.03.2015									
Group	Employees on Rolls	SC	%age	ST	%age	OBC	%age	PWD	%age
A	1424	300	21.07	81	5.69	83	5.83	6	0.42
B	1749	486	27.79	126	7.20	103	5.89	21	1.20
C	515	119	23.11	31	6.02	99	19.22	18	3.50
D	40	20	50.00	1	2.50	5	12.50	3	7.50
D (Safai Karamchari)	70	70	100.00	0	0.00	0	0.00	0	0.00
Total	3798	995	26.20	239	6.29	290	7.64	48	1.26

RECRUITMENT OF SCs/STs DURING THE YEAR									
Group	Total Recruitment	SC	%age	ST	%age	OBC	%age	PWD	%age
A	0	0	0.00	0	0.00	0	0.00	0	0.00
B	0	0	0.00	0	0.00	0	0.00	0	0.00
C	8	1	12.50	1	12.50	3	37.50	1	12.50
D	1	0	0.00	0	0.00	0	0.00	1	100.00
D (Safai Karamchari)	0	0	0.00	0	0.00	0	0.00	0	0.00
Total	9	1	11.11	1	11.11	3	0.00	2	22.22

PROMOTION OF SCs/STs DURING THE YEAR									
Group	Total Promotions	SC	%age	ST	%age	OBC	%age	PWD	%age
A	401	85	21.20	19	4.74	0	0.00	2	0.50
B	258	87	33.72	14	5.43	0	0.00	0	0.00
C	85	25	29.41	4	4.71	0	0.00	5	5.88
D	4	1	25.00	0	0.00	0	0.00	0	0.00
D (Safai Karamchari)	20	20	100.00	0	0.00	0	0.00	0	0.00
Total	768	218	28.39	37	4.82	0	0.00	7	0.91

The overall reservation percentage achieved for SC category employees is 26.20 which is more than the prescribed reservation. In case of ST, the percentage achieved is 6.29%. There is a slight shortfall than the prescribed reservation because the reservation in Group 'C' and 'D' posts filled up by Direct Recruitment in the States of Punjab and Haryana where three plants of the Company are located was abolished w.e.f 1st June, 1985. For other backward classes, the reservation is 7.64%.

Procurement from Micro and Small Enterprises (MSEs) during 2014-15

Public Procurement Policy for Micro and Small Enterprises (MSEs) was notified by the Government under the Micro, Small and Medium Enterprises Development Act, 2006, mandates that at least 20% of the total annual procurement of goods and services shall be made by all Central Ministries / Departments / Central Public Sector Undertakings (CPSUs) from the Micro and Small Enterprises (MSEs). Within this mandated percentage, a sub-target of 4% procurement is to be made from MSEs owned by SC/ST entrepreneurs. CPSUs are required to set targets and disclose the achievements made thereon in their Annual Report.

NFL displays items for procurement from MSEs on Company website **www.nationalfertilizers.com**. All the other items which are being procured at Company units are also displayed on Company website for pre-qualification. Any party including MSEs, fulfilling the pre-requisite requirements, can submit their credentials to the Company for enlisting and pre-qualification for procurement. Company also participates in vendor development programmes for MSEs organised by various agencies.

The details of the procurements made by the Company during 2014-15 are as below:-

(₹ in lakhs)

S.No.	Particulars	Target for the year 2014-15	Target achieved for the year 2014-15
I.	Annual procurement*	6000	5349.16
II.	Goods procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	750	877.04
III.	Value of goods procured from MSEs owned by SC/ST entrepreneurs)	7.50	**
IV.	%age of procurement from MSEs of above Annual procurement	12.50	16.40
V.	%age of procurement from only MSEs owned by SC/ST of above Annual procurement	1.0	**
VI.	Total number of vendor development programmes for MSEs	6	4

* Annual Procurement, excluding Power, Fuel & Other items which cannot be procured from MSEs.

** None of the vendors have claimed as SC/ST entrepreneur, hence value of procurement from MSEs owned by SC/ST Entrepreneurs could not be ascertained.

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 12th August, 2015

(Manoj Mishra)
Chairman & Managing Director
DIN: 06408953

NATIONAL FERTILIZERS LIMITED

CIN.L74899DL1974GOI007417

Registered Office: Scope Complex, Core 3, 7 Institutional Area, Lodhi Road, New Delhi 110 003

Website : www.nationalfertilizers.com **Email ID:** investor@nfl.co.in

Telephone : 011 – 24360066, 24361252 **Fax:** 011-24361553

NOTICE OF 41ST ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of the Members of National Fertilizers Limited will be held at 10.30 A.M. on Wednesday, the 23rd day of September, 2015 at Weight Lifting Hall, Jawaharlal Nehru Stadium, New Delhi, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements for the year ended 31st March, 2015 and the Reports of the Board and Auditors' thereon.
2. To declare a dividend for the financial year 2014-15.
3. To appoint a director in place of Capt. Pavan Kumar Kaul(DIN 03438497), who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Shri M. Sagar Mathews (DIN 02820429), who retires by rotation and being eligible, offers himself for reappointment.
5. To fix remuneration of Statutory Auditors for the Financial Year 2015-16 and in this regard to consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Statutory Audit Fee for the financial year 2015-16 be and is hereby fixed at ₹18.75 lakhs plus Service Tax and reimbursement of actual TA and out of pocket expenses to the Auditors as per Company Rules.”

SPECIAL BUSINESS

6. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2016 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to M/s. Ravi Sahni & Co., Cost Accountants, M/s. V.P. Gupta & Co., Cost Accountants, ShriJugal Kishore Puri, Cost Accountant and M/s. K.L. Jai Singh & Co., Cost Accountants, who have been appointed by the Board as Cost Auditors of the Company to conduct the audit of the Cost Records of the Company for the financial year ending 31.03.2016 amounting to ₹84,000.00; ₹84,000.00; ₹72,000.00 and ₹72,000.00 respectively and additional fee of ₹25,000.00 payable to M/s. Ravi Sahni & Co. as Lead Cost Auditor, as also payment of TA/DA, Service Tax and out of pocket expenses incurred by the cost auditors during the course of Cost Audit of the Units, as per Company Rules, be and is hereby ratified.”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 12th August, 2015

By Order of the Board of Directors for National Fertilizers Limited

Raj Kumar
Company Secretary
A-11914

NOTES

1. Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts in respect of Special Business (Item No.6) is annexed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself. Such proxy need not be a member of the company. The instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding fifty members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 17.09.2015 to 23.09.2015 (both days inclusive) for the purpose of AGM and ascertaining the entitlement of dividend.
5. Dividend, if any, approved at the 41st Annual General Meeting of the Company will be paid to those shareholders whose names appear:-
 - a. As Beneficial Owner as at the end of the business hours on Wednesday, 16th September, 2015 as per the list to be furnished by the Depositories in respect of shares held in Electronic form, and
 - b. As Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Registrar and Transfer Agent of the Company on or before, 16th September, 2015.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of copy of PAN card to the Company/Depository Participant as the case may be. Members holding shares in physical form should submit their PAN details to the Company/RTA.
7. Members holding shares in physical form should notify change in their addresses, if any, to the Registrar & Transfer Agent specifying full address in block letters with PIN CODE of their post offices. Members holding shares in electronic form (demat), should inform the change of address to their depository participant.
8. Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy identification of attendance at the meeting.
9. Electronic copy of the Notice of the 41st Annual General Meeting together with Annual Report for 2014-15 of the Company inter-alia indicating the process and manner of e-voting alongwith Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For Members who have not registered their email address, physical copy of the Notice alongwith Annual Report for 2014-15 indicating process and manner of e-voting alongwith attendance slip and proxy form are being sent in the permitted mode.
 Members who have not registered their email address so far are requested to register the same for receiving all communications including Annual Report, Notices, Circulars, etc., from the Company in electronic mode with the Company's Registrar and Transfer Agent, M/s. MAS Services Limited (info@masserv.com).
 Members may also note that Notice of 41st Annual General Meeting together with Annual Report for 2014-15 will also be available on the Company's website www.nationalfertilizers.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office.
10. Members who hold shares in identical names or joint holding in the same order of names are requested to write to the Registrar & Transfer Agent enclosing their share certificates to enable the Company to consolidate their holdings in one Folio.
11. The Company has transferred the unpaid or unclaimed dividends declared upto financial year 2007-08, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central

Government. Company has uploaded the details of unpaid and unclaimed amounts lying with the Company, on the website of the Company (www.nationalfertilizers.com) as also on the website of the Ministry of Corporate Affairs.

Members who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company or to the Registrar and Transfer Agents, M/s. MAS Services Limited, immediately. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of any claims. The period to claim unpaid dividend for the financial year 2007-08 expires on 23.10.2015.

14. All documents referred to in the accompanying Notice are open for inspection at the registered office of the Company on all working days between 10.30 am to 12.30 pm prior to Annual General Meeting.
15. Shareholders may kindly note that no gifts/coupons will be distributed at the Annual General Meeting.
16. Shareholders are requested to bring their copy of Annual Report to the meeting.
17. In case Members have any query relating to the Annual Accounts or about the operations of the Company, they may send the same to the Company Secretary at the Registered Office of the Company at least seven days in advance of the Meeting so that the information called for can be made available at the meeting.
18. For the convenience of the shareholders, attendance slip-cum-entry pass is annexed to the Annual Report, Shareholders/Proxy holders/Authorized Representatives are requested to fill and sign at the space at the space provided therein and surrender the same at the venue. Proxy/Authorized Representatives of shareholders should state on their attendance slip-cum-entry pass as 'Proxy' or 'Authorized Representative' as the case may be.
19. Only members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered Folios wherein the name of the sole holder/first joint-holder is same, only the first joint-holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.
20. Due to strict security reasons, no eatables, helmet, briefcase or bag, mobile phone, etc. are allowed inside the Auditorium. Persons attending the meeting are, therefore, requested to make their own arrangement for safe custody of such articles.
21. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide members with facility to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means. The members whose names appear in the Register of Members / List of Beneficial Owners as on 16.09.2015 i.e. the date prior to commencement of Book Closure are entitled to vote on the resolutions set forth in this Notice. The members may cast their vote on electronic voting system from place other than the venue of the meeting (Remote E-voting) as detailed below:-

1. Date and time of commencement of Remote E-voting	20 th September, 2015 (9.00 AM)
2. Date and time of ending of Remote E-voting	22 nd September, 2015. (5.00 PM)
3. The Remote E-voting shall not be allowed beyond the said date and time. Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.	
4. Website details of the Company / Agency, where the Notice of AGM is displayed	www.nationalfertilizers.com www.masserv.com www.evoting.nsdl.com
5. Website for Remote E-voting	https://www.evoting.nsdl.com

The instructions for members for voting electronically are as under:-

- I. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):

- a. Open e-mail and open PDF file viz. "NFL-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
- b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
- c. Click on Shareholder-Login.
- d. Put user ID and password as initial password noted in step (a) above. Click Login.
- e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- g. Select "EVEN" of "National Fertilizers Limited".
- h. Now you are ready for remote e-voting as Cast Vote page opens.
- i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- j. Upon confirmation, the message "Vote cast successfully" will be displayed.
- k. Once you have voted on the resolution, you will not be allowed to modify your vote.
- l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sachin@companylawworld.com with a copy marked to evoting@nsdl.co.in.
- II. In case of Members receiving Physical copy of Notice of 41st Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)
 - a. Initial password is provided in the box overleaf.
 - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
- A. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- B. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- C. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- D. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16.09.2015.
- E. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 16.09.2015, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or info@masserv.com.
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- F. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- G. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- H. Shri Sachin Agarwal, Practicing Company Secretary of M/s. Agarwal S. & Associates (CP No.5910), Company Secretaries has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

- I. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- J. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- K. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.nationalfertilizers.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE/NSE.

Registered Office:

Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 12th August, 2015

By Order of the Board of Directors

Raj Kumar
Company Secretary
A-11914

**ANNEXURE TO THE NOTICE : STATEMENT PURSUANT
TO SECTION 102 OF THE COMPANIES ACT, 2013**

Item No.6

Pursuant to the recommendation of the Audit Committee, the Board of Directors had at its meeting held on 04.07.2015 approved the appointment and remuneration of Cost Auditors to conduct the audit of the Cost Records of the Company for the financial year ending 31.03.2016 as per the following details:-

S.No.	Unit	Name of Cost Auditor	Audit Fee (₹)
1.	Nangal	M/s. Ravi Sahni & Co.(4th year)	84000.00
2.	Vijaipur-I & II	M/s. V.P. Gupta & Co (4th year)	84000.00
3.	Panipat	M/s Jugal Kishore Puri (2nd year)	72000.00
3.	Bathinda	M/s KL Jai Singh & Co (2nd year)	72000.00

M/s. Ravi Sahni & Co., who has been appointed Lead Cost Auditor shall be paid an additional fee of ₹25,000/- towards consolidation of Cost Audit Reports and certification of the Compliance Report in addition to above fee. TA/DA, Service Tax and out of pocket expenses incurred by the Auditors during the course of the audit of the Units will be paid as per Company Rules.

In accordance with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, requires ratification by the shareholders and hence, this resolution is put for consideration of the shareholders of the Company.

Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No.6 of the Notice for ratification of the remuneration payable to the cost auditors for the financial year ending 31.03.2016.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.6 of the Notice for approval of the shareholders.

Registered Office:

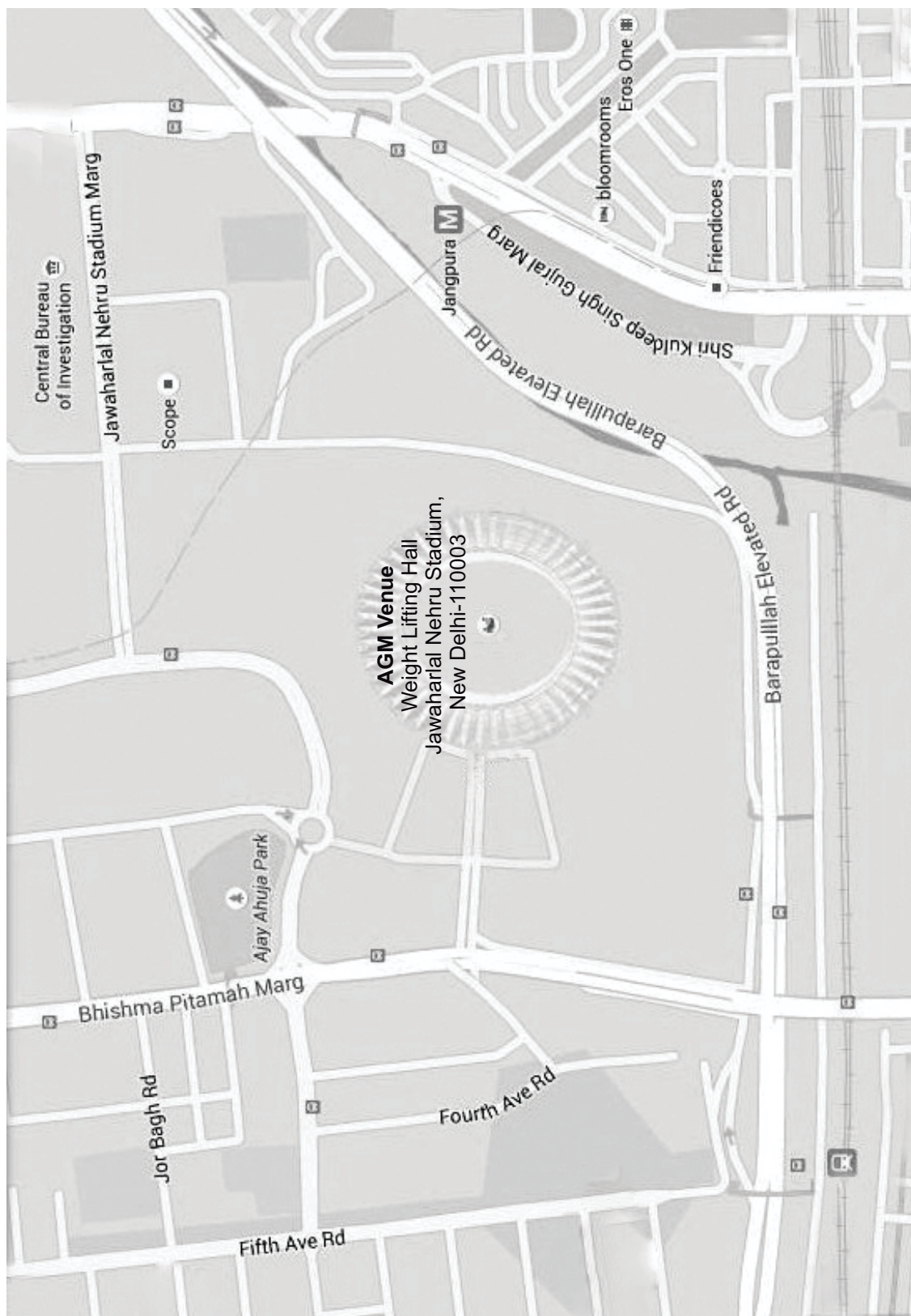
Scope Complex, Core 3,
7 Institutional Area, Lodhi Road,
New Delhi-110003

Date : 12th August, 2015

By Order of the Board of Directors

Raj Kumar
Company Secretary
A-11914

Route Map - Venue of 41st Annual General Meeting



NATIONAL FERTILIZERS LIMITED

Registered Office: SCOPE Complex, Core-III, 7, Institutional Area, Lodhi Road, New Delhi-110 003
CIN.L74899DL1974GOI007417

Website: www.nationalfertilizers.com **Email:** investor@nfl.co.in **Tel:** 011-24360066, 24361252 **Fax:** 011-24361553

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)		E-Mail ID:	
Registered Address:		Folio No./ * DP & Client Id.	

I/We, being the members(s) of _____ shares of the above named Company, hereby appoint:

(1) Name: _____ Address: _____

E-Mail Id: _____ Signature: _____, or falling him/her;

(2) Name: _____ Address: _____

E-Mail Id: _____ Signature: _____, or falling him/her;

(3) Name: _____ Address: _____

E-Mail Id: _____ Signature: _____

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be held on Wednesday 23rd September, 2015 at 10.30 AM at Weight Lifting Hall, Jawaharlal Nehru Stadium, Lodhi Road, New Delhi-110003 and at any adjournment thereof in respect of such resolutions as are indicated below:-

S.No.	Ordinary Business	**For	**Against
1.	To receive, consider and adopt the audited Financial Statements for the year ended 31 st March, 2015 and Reports of the Board and Auditors' thereon.		
2.	To declare a dividend.		
3.	To appoint a Director in place of Capt. Pavan Kumar Kaul (DIN 03438497), who retires by rotation and being eligible, offers himself for reappointment.		
4.	To appoint a Director in place of Shri M. Sagar Mathews (DIN 02820429), who retires by rotation and being eligible, offers himself for reappointment.		
5.	To approve remuneration of the Statutory Auditors for the financial year 2015-16.		
	SPECIAL BUSINESS		
6.	To ratify the remuneration of Cost Auditors for the financial year ending 31 st March, 2016.		

Signed this _____ day of _____ 2015.

Signature of the Shareholder

Signature of first Proxy holder

Signature of first Proxy holder

Signature of first Proxy holder

Affix
Revenue
Stamp

*Applicable for investors holding shares in electronic form.

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. A Proxy need not be a member of the Company.
3. For resolution, Statement pursuant to Section 102 of the Companies Act, 2013 and Notes, please refer to the Notice of 41st Annual General Meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. **This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
6. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
7. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

NATIONAL FERTILIZERS LIMITED

Registered Office: SCOPE Complex, Core-III, 7, Institutional Area, Lodhi road, New Delhi-110003

CIN.L74899DL1974GOI007417

Website: www.nationalfertilizers.com Email: investor@nfl.co.in Tel: 011-24360066, 24361252 Fax: 011-24361553

ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the meeting hall.

Name of Shareholders(s)_____

Address_____

DP ID No.	
Client ID No.	

Regd. Folio No.	
No. of Share(s) held	

I/We hereby record my/our presence at the 41st Annual General Meeting of the Company held on Wednesday, 23rd September, 2015 at 10.30 A.M. at Weight Lifting Hall, Jawaharlal Nehru Stadium, New Delhi-110003

Signature of Member(s)/Proxy

Note:

1. Please bring your copy of Annual Report to the meeting.
2. Due to strict security reasons, no eatables, helmets, briefcase, etc are allowed inside the Auditorium. Persons attending the meeting are, therefore, requested to make their own arrangement for safe custody of such articles.
3. No gifts/coupons will be distributed at the meeting.



Sh. Manoj Mishra, C&MD observing Urea Prills during visit at the Panipat Plant



C&MD & Director (Tech) during their visit to Panipat Plant with CGM (Panipat Unit)



C&MD, Director (Tech), Director (Fin) & other officials during their visit in Panipat Plant



Sh. Manoj Mishra, C&MD and CGM (Panipat Unit) at the bagging section of the Plant

CSR Initiatives



Cutting & Stitching Programme for Women



Beauty Culture Training course for Women



Construction of girls toilets in schools under
Swachh Bharat Mission



A view of Mobile Repair Training Camp
organised under CSR activities



Beneficiaries of Cutting & Stitching Programme
with their certificates after completion

In the Service of Farmers



Field day organized to educate farmers



Product Samples on display in kisan Mela



Training programme for farmers and dealers



Farmers and NFL officials at a demonstration farm



Soil samples are being analysed by NFL Mobile Soil Testing Lab

MoU Inked with Government of India



Directors of NFL and Secretary (Fertilizers), Department of Fertilizers (DoF), Government of India exchanging MoU documents in the presence of other senior officials of DoF



नेशनल फर्टिलाइज़र्स लिमिटेड
एन. एफ. एल.
NATIONAL FERTILIZERS LIMITED

NATIONAL FERTILIZERS LIMITED

(A Govt. of India Undertaking)

CIN: L74899DL1974GOI007417

Regd. Office : SCOPE Complex, Core-III, 7 Institutional Area,
Lodhi Road, New Delhi-110003

Corporate Office: A-11 Sector-24 Noida 201301

Website: www.nationalfertilizers.com